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A GUIDE

FOR

INDUSTRIAL MOBILIZATION

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U. S. DEPARTMENT OF DEFENSE

OFFICE OF INDUSTRIAL BASE ASSESSMENT

D 1.6/2:

DISCLAIMER

This draft guide is intended to describe how existing policies and authorities can be used to plan and execute industrial surge or mobilization. It does not attempt to define new policies or procedures, but instead attempts to explain how existing policies and procedures would be used. It is based on a careful review of DoD policies, but should not be regarded as an official DoD position or policy unless so designated by other official documentation.

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CHAPTER 1
INTRODUCTION

A. PURPOSE

1. This guide provides basic information on plans, authorities, responsibilities, and procedures for planning and executing industrial surge and mobilization. It does not establish DoD policy, but rather explains current policies, programs, and procedures. Its purpose is to familiarize industry and Government personnel with the basic tools of mobilization preparedness and to describe how these tools might be used during a surge and mobilization.

2. Even when defense budgets were increasing rapidly, DoD could not afford to purchase total preparedness for every foreseeable emergency. Even after five years of greatly increased emphasis on force structure, readiness, and sustainability funding, our forces, though qualitatively superior to any potential adversary, were outnumbered, outgunned, and suffered from inadequate sustainability for major conflicts. A timely and flexible industrial mobilization capability can help overcome these shortfalls. (See Figure 1-1.)

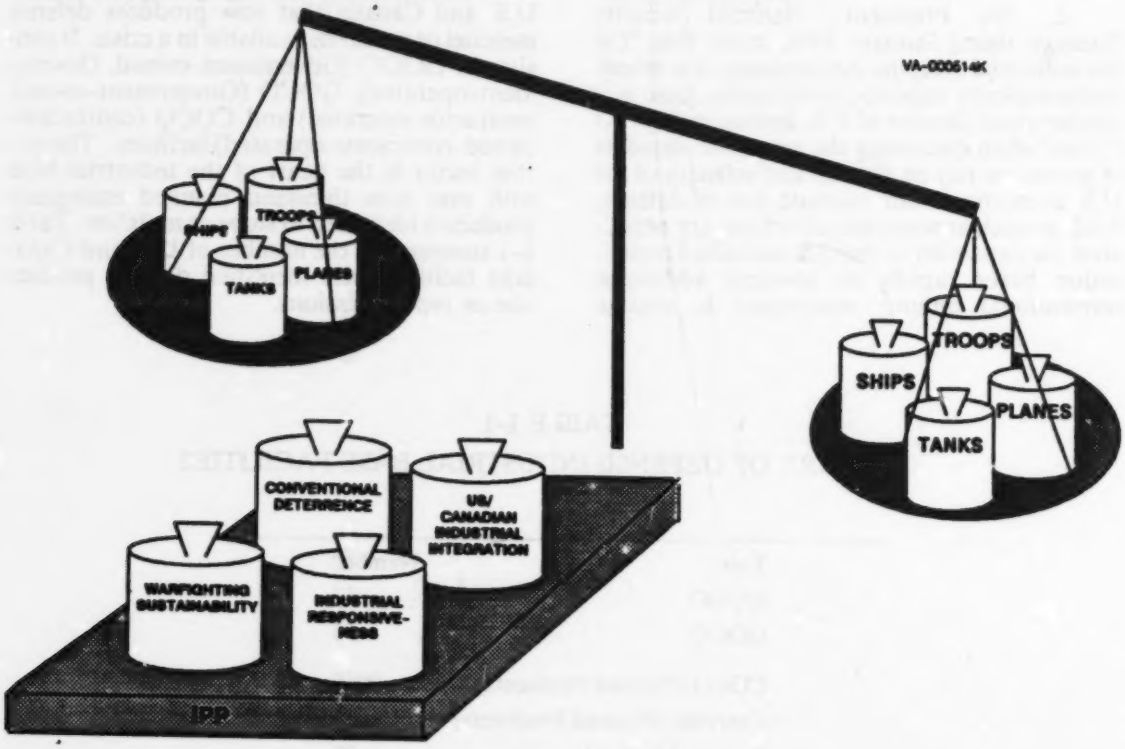

Figure 1-1 Why Industrial Mobilization Capability is Needed

B. POLICY

1. National Security Decision Directive Number 47, dated July 22, 1982, states that "It is the policy of the U.S. to have an emergency mobilization preparedness capability that will ensure that government at all levels, in partnership with the private sector and the American people, can respond decisively and effectively to any major national emergency with defense of the U.S. as the first priority... It is the policy of the U.S. to have a capability to mobilize industry in order to achieve timely and sufficient production of military and essential civilian material needed to prosecute successfully a major military conflict, to lend credibility to national strategic policy, and to respond to national security emergencies."

2. The President's National Security Strategy, dated January 1988, states that "On the industrial side, the maintenance of a broad, technologically superior mobilization base is a fundamental element of U.S. defense policy. As I noted when discussing the economic elements of power, we rely on the size and strength of the U.S. economy as our ultimate line of defense. And, as nuclear weapons reductions are negotiated, the capability of the U.S. and allied mobilization bases rapidly to generate additional conventional military equipment to sustain them, becomes increasingly important. Maintenance of this capability supports deterrence and provides the ability for a timely and flexible response to the full range of threats."

3. Appendix B describes legal and regulatory authorities for surge and mobilization, and Appendix C describes organizational responsibilities.

C. COMPOSITION OF THE NORTH AMERICAN DEFENSE INDUSTRIAL BASE

The industrial base is that part of the total privately-owned and Government-owned industrial production and the depot-level equipment maintenance and repair capacity in the U.S. and Canada that now produces defense materiel or would be available in a crisis. It consists of GOGO (Government-owned, Government-operated), GOCO (Government-owned, contractor-operated) and COCO (contractor-owned, contractor-operated) facilities. The private sector is the heart of the industrial base with over nine thousand planned emergency producers identified to surge or mobilize. Table 1-1 summarizes the number of U.S. and Canadian facilities with identified defense production or repair missions.

TABLE 1-1
SUMMARY OF DEFENSE INDUSTRIAL BASE FACILITIES

Type	Number
GOGO	37
GOCO	66
COCO (Planned Producers)	9068
Canadian (Planned Producers)	130
State and Federal	30
Total	9331

D. INDUSTRY'S ROLE IN SURGE AND MOBILIZATION

1. The U.S. and Canadian private sector, which comprises the North American Defense Industrial Base (NADIB), is the foundation of our surge and mobilization capability. Government-owned facilities are used when private industry is unable or unwilling to provide the necessary production or repair capability.

2. The Military Services and Defense Logistics Agency (DLA) work directly with producers via the Industrial Preparedness Planning Program (IPPP) to identify surge and mobilization (S/M) capabilities, bottlenecks, and constraints, and to identify industrial preparedness measures (IPMs) to improve industrial productivity, responsiveness, and preparedness.

E. ORGANIZATION OF THIS GUIDE

This guide is intended to familiarize government and industry personnel with the processes of preparing for and executing an industrial surge or mobilization. The basic guide is organized to present a logical flow of surge/mobilization preparedness actions. Chapter 2 discusses the surge/mobilization planning process. Chapter 3 describes ways to use the results of the planning process to enhance S/M capabilities and alleviate shortfalls. This includes investments in IPMs as well as accelerated planning and preparatory activities that would be undertaken when a conflict or crisis appears likely. Chapter 4 describes steps that would be taken to execute surge or mobilization. Several appendices provide background information on legal authorities, organizational responsibilities, and mobilization planning/execution programs.

CHAPTER 2
PLANNING FOR SURGE AND MOBILIZATION

A. INTRODUCTION

Effective planning is the necessary foundation for industrial surge and mobilization. The planning process identifies requirements for military items to support possible emergencies, identifies production capabilities and constraints, develops programs to improve capabilities and alleviate constraints, and identifies actions that would be taken in a crisis to meet increased production requirements.

B. PLANNING GUIDANCE

1. The President's National Security Strategy states that "...industrial mobilization policies focus on steps that industry and government can take during peacetime and in the early stages of a crisis to acquire long-lead time items and to prepare for surge production." (See Figure 2-1.)

"To ensure that our industrial base can respond in an adequate and timely fashion to a broad range of potential emergencies, we are testing a new concept of industrial mobilization responses linked to early warning indicators. Under this concept, the readiness of our industrial base would be progressively increased as intelligence suggested an increasing probability of hostile actions directed against U.S. interests. To support this concept, ***in peacetime planners will identify and catalog relevant industrial base capabilities, prepare specific response options, and create a series of graduated responses to be implemented within existing capabilities at a time of crisis.***" (See Figure 2-2.)

2. This chapter describes the planning process that is intended to support this policy initiative. Because of the broad range of emergencies that could require an industrial response, it is imperative that plans consider a range of alternative requirements and response options.

POST-CONFLICT RECOVERY/RECONSTITUTION
PREPARATION FOR NUCLEAR WAR
CONVENTIONAL WAR
SOVIET MILITARY/INDUSTRIAL MOBILIZATION
TECHNOLOGY BREAKTHROUGHS
SUSTAINABILITY, WAR RESERVES, AND DEFENSIVE PREPARATIONS
REPLACEMENT OF CLIENT WAR LOSSES
DEMONSTRATION OF NATIONAL WILL
NATURAL OR MAN-MADE DISASTERS (E.G., SABOTAGE AND TERRORISM)

Figure 2-1 Potential Emergencies Requiring Industrial Response

GMR STAGE 3	GMR STAGE 2			GMR STAGE 1	
PLANNING AND PREPARATION	CRISIS MANAGEMENT			NATIONAL EMERGENCY/WAR	
LEVEL 6	5 TARGETED PLANNING	4 PREPARATORY ACTIVITIES	3 SURGE	2 FULL MOBILIZATION	1 TOTAL MOBILIZATION
DELIBERATE PLANNING AND INVESTMENT		CRISIS PLANNING, PREPARATION AND ACTIONS (Pattern of threat to U.S. interests identified)		MOBILIZATION OF THE ECONOMY (Direct challenge to U.S. National Security)	

Figure 2-2 Graduated Mobilization Response (GMR)

4. Biannual specific and general guidance from the Secretary of Defense to the various DoD components on IPP is transmitted via the classified "Defense Guidance." Policy and procedural direction is in the DoD 4005-series regulations.

C. INDUSTRIAL PREPAREDNESS PLANNING PROCESS

The process for detailed S/M planning consists of:

1. Selecting the items and weapon systems, determining the joint requirements, and assessing the material, components, manpower, equipment, and facilities needed for production and repair;

2. Identifying the NADIB planned producers, the government Armed Services Production Planning Officers (ASPPOs), and contractor Industrial Preparedness Representatives (IPRs);

3. Examining prime contractor and subcontractor capabilities in order to identify bottlenecks or shortfalls in capacity, manpower, or materials; competing demands in each plant; and legal, regulatory, and other constraints;

4. Programming and budgeting for IPMs or changing policies or procedures to remedy the shortfalls.

D. WEAPON SYSTEMS AND ITEMS SELECTION PROCESS

1. Annually, each of the nine Commanders in Chief (CINCs) submits a list of critical items and systems to the Organization of the Joint Chiefs of Staff (OJCS). OJCS consolidates this information into a prioritized composite

Critical Items List (CIL) called the CINC CIL, which OJCS gives to DLA and the Military Services.

2. Each Military Service then develops its own CIL based on the CINC CIL and its own assessment of combat required items, systems, and components. The Military Services and DLA then compile their Industrial Preparedness Planning Lists (IPPLs), which are the components of the items or systems selected for IPP. Each Service gives a copy of its IPPL to OSD, to other Services, and to DLA.

3. See the planning cycle at Figure 2-3. This cycle links together the flow from the CIL to IPPLs to planning assessments and then to programming and budgeting.

E. SURGE AND MOBILIZATION PLANNING

1. ***Surge production and repair planning*** consists of an in-depth assessment of the cost and actions required to establish a capability to increase production rates within six months for consumable-type items and within 12 months for more complex systems. By DoD policy, surge does not involve extensive conversion of nondefense producers or extensive disruption of nondefense production. However, DoD policy expressly allows more vigorous use of existing policies (such as production priorities), which may involve selective interference with lower priority or unrated (nondefense) orders. Orders may be placed with alternate sources, although, as a practical matter, the timeframes associated with surge planning will preclude the use of alternate sources unless they are fully facilitized and qualified to produce.

a. Surge planning examines issues such as long leadtime components; special tools and test equipment; component prefabrication; skilled manpower; sole and single sources; use of Defense Production Act (DPA) Titles I and VII; waivers to laws, specifications, and regulations; foreign dependency vulnerability workarounds; substitute items; and space to store long leadtime and prefabricated components. Planning then identifies candidates for IPM programming and budgeting.

b. Surge candidates are selected by the Military Services and DLA based on CIL priorities. Major command planners perform analyses to identify options that provide significant rate increases for the fewest resources in the shortest time practical. The analysis is then given to Service or DLA headquarters for final selection.

c. GOGO facilities may be included in surge plans. In general, DoD repair and maintenance depots are not considered as a source for surge production because DoD may have to surge depot-level repair and maintenance at the same time as production is surged.

d. Not all items can be surged by industry. A short-lived surge is possible depending on each facility's capability and the availability of all subcontractors to support each component going into the end item. If one component's rolling inventory is depleted, or special test equipment is used to maximum capacity with demands remaining, it may be impossible to meet the end item surge requirements. Surge investments in inventories or test equipment, or changes in specifications to alleviate bottlenecks, may be needed to sustain surge production.

2. The objective of ***mobilization planning*** is to realistically plan the total requirement for mobilization production and repair of CIL and IPPL items compared against industrial capability.

a. A key issue to examine would be the competing demands in the same facility for the same space, manpower, materiel, test equipment, and tooling. Other mobilization planning issues include expansion of capacity, augmented legal authorities, and resource issues.

b. Industrial mobilization will involve significant increases in U.S./Canadian defense production capacity. Mobilization plans address issues such as: sources of new capacity (e.g., conversion of nondefense producers or facilities expansion); means to bring new capacity online quickly (e.g., capacity surveys, facility training and qualification, acquisition policy waivers); and resource constraints (materials, laborforce, production resources).

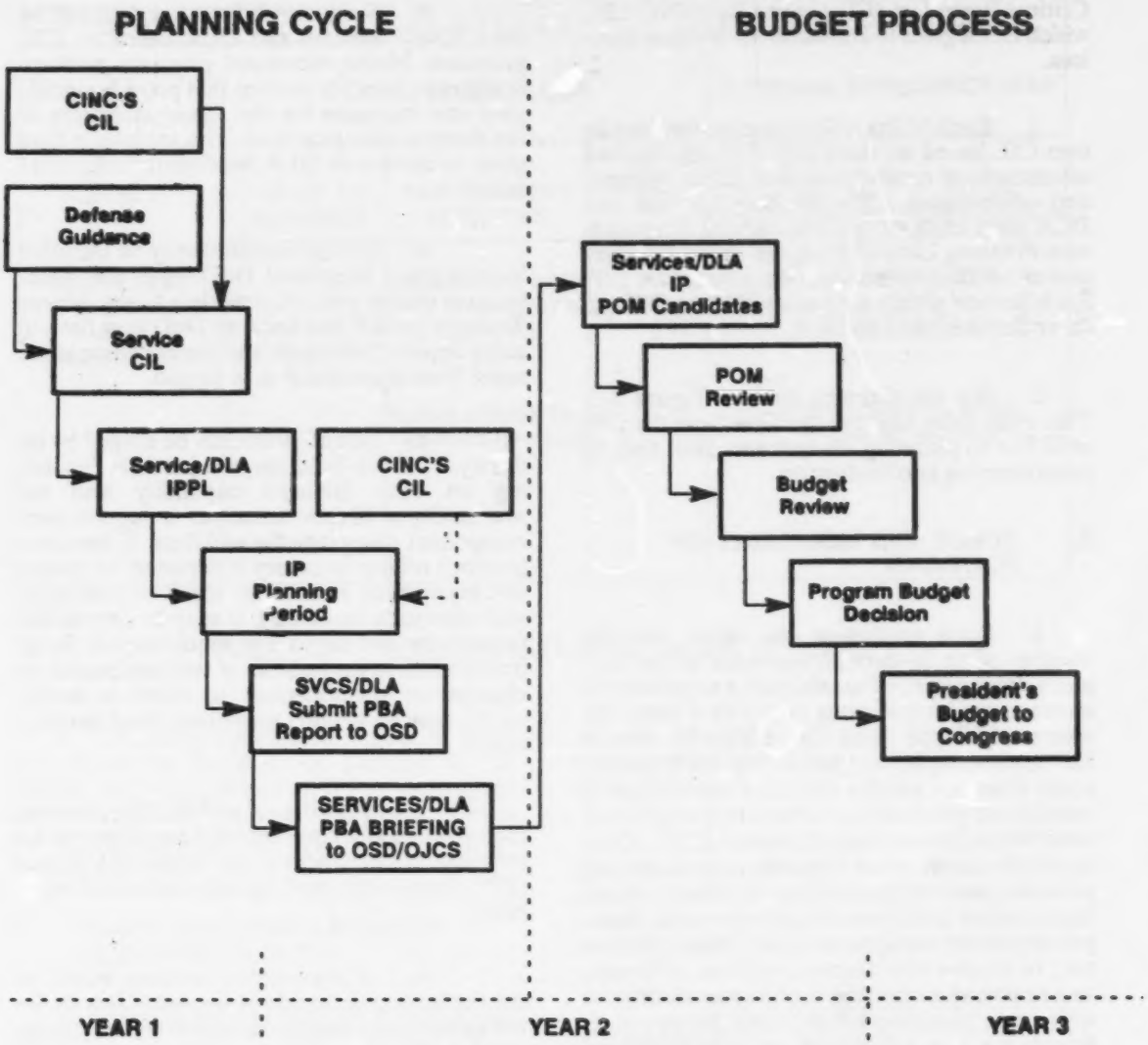

Figure 2-3 Planning Cycle

c. Unlike surge, mobilization could involve a substantial impact on the civilian economy. In addition, nondefense agencies control resources (e.g., energy and transportation) and programs (priorities, allocations, voluntary agreements) that would be necessary to support an industrial mobilization. For these reasons, it is important to coordinate mobilization planning efforts with FEMA and other nondefense agencies.

3. Foreign sourcing and dependencies represent a potential S/M production problem. DoD policy recognizes that out-of-theater foreign sources may remain reliable suppliers, and permits negotiation of surge option clauses with

foreign producers. However, it also recognizes the potential risk from foreign sourcing, and requires identification of U.S./Canadian sources to meet mobilization requirements. Mobilization plans should identify foreign sourcing for all CIL/IPPL items, risks, and fallback S/M plans to develop NADIB–only sources. Conversely, S/M production plans should take probable allied support requirements into account.

4. It is highly unlikely that the present base of defense producers as currently configured will be able to meet all S/M requirements. It will undoubtedly be necessary to augment capabilities through additional producers, resources (tooling, materials, or labor), or improved procedures. S/M plans must identify and prioritize industrial base enhancement measures, implementation lead times, and costs at all levels. This can form the basis for peacetime IPM budget justifications; costed option packages; standby orders, waivers, and legislative proposals; and emergency supplemental budget submissions.

5. S/M plans should address methods of reducing demand for critical resources (ST/STE, skilled labor, specialized manufacturing processes, materials) through redesign of end items or manufacturing processes. These methods could improve S/M responsiveness by reducing production lead times and alleviating production bottlenecks.

6. Appendix D describes approved procedures for conducting S/M planning. Appendix E describes some existing programs and authorities that can be used to augment S/M production capacity.

F. INDUSTRY INITIATIVES TO SUPPORT PEACETIME PREPAREDNESS PLANNING

Industry does not have to wait for DoD leadership in IPP. Producers can:

1. Identify production and repair bottlenecks that may prevent meeting S/M production rates such as excessive specifications and legal constraints; excessive leadtimes; manpower, material, and component shortfalls; foreign dependency vulnerability; sole and single sources; subcontractor deficiencies; or lack of modernization; and then recommend IPM solutions;

2. Become a planned producer, ensure close coordination between the IPR and the ASPPO, and conduct realistic and meaningful IP planning;

3. Provide recommendations to the appropriate ASPPO and acquisition activity on how to improve capability and capacity to meet S/M requirements;

4. Request continual feedback from the ASPPO and acquisition activities on contractor roles in current S/M planning; and

5. Ensure currency of their own S/M plans.

G. NORTH AMERICAN DEFENSE INDUSTRIAL BASE ORGANIZATION (NADIBO)

1. The NADIBO is chartered to strengthen the NADIB by identifying cooperative production strategies and coordinated preparedness planning in order to reduce costs and improve industrial base responsiveness through the more effective allocation of scarce production resources. The NADIBO consists of an Executive Committee, various committees and task forces that address specific subjects of concern, and a Secretariat. Participants include representatives of the U.S. and Canadian governments. Industry also participates, on an as-invited basis.

2. U.S. membership of the Executive Committee includes representatives of OSD, OJCS, each military Service, and DLA. Canadian members are drawn from the Department of National Defence and the Department of Supply and Services. The U.S. Army Industrial Engineering Activity acts as Secretariat, with responsibility for all administrative functions.

3. In addition to the Executive Committee and Secretariat, the NADIBO consists of four active committees and one task force. The ***Requirements Committee*** focuses on the critical operational requirements of the two countries' military forces, matching industrial base capabilities to warfighting needs. It oversees and

monitors the processes for identifying and applying requirements determinations. ***The Mechanisms Committee*** examines both governments' available resources for implementing IPP policies and procedures. Its main objective is to institutionalize the work of the NADIBO. ***The Data Committee*** promotes the exchange of data between the nations' military services, government agencies, and industries to improve industrial responsiveness and the effectiveness of industrial base analyses. ***The Education Committee*** is responsible for developing educational and informational material and disseminating these resource materials to target audiences.

CHAPTER 3

ENHANCING SURGE AND MOBILIZATION CAPABILITIES

A. INTRODUCTION

1. Accomplishment of the planning actions discussed in Chapter 2 will result in a high state of industrial preparedness for S/M requirements. However, resources available for planning are limited, and it is not practicable to prepare definitive plans for every possible crisis that might require increased defense production. During any period when a crisis appears imminent, it is extremely important to update crisis-specific S/M plans and initiate preparations for subsequent S/M efforts.

2. In addition, DoD must invest in enhanced capabilities to resolve S/M bottlenecks and capacity shortfalls identified in the planning process. Some of these investments can be deferred until the onset of a crisis. Others that are of an especially critical nature, or that face a long implementation lead time, should be funded in advance of a crisis. In some cases, there may be tradeoffs between actual industrial base investments and less costly administrative actions. These tradeoffs should be examined carefully, in order to focus investment funds on the highest-priority problems.

3. This chapter discusses industrial base investments and pre-crisis planning and preparatory actions.

B. INDUSTRIAL PREPAREDNESS MEASURES INITIATION

1. Many actions taken to improve industrial base capability to produce or repair items during peacetime may also improve the capability to meet S/M requirements. However, these improvements may not correct all the S/M deficiencies. IPMs are proposals to correct these deficiencies.

2. The IPM is generated by the Armed Services Production Planning Officer (ASPPO) or acquisition activity following the identification of production and repair shortfalls, bottlenecks, and constraints, as summarized in annual PBAs. The acquisition activity reviews the IPM and determines if it should be funded now, funded before M-Day, funded after M-Day, or disapproved. Final approval of IPMs is obtained through the DoD programming and budgeting process. The acquisition activity keeps the ASPPO and the planned producer informed about the status of each IPM.

3. IPMs include, but are not limited to:

a. Prestocking raw materials, semi-finished materials, components, and subassemblies;

b. Acquiring and maintaining plant equipment packages with all necessary special tools, dies, fixtures, and other special tooling and test equipment;

c. Multiyear contracting as an alternative to surge funding;

d. Providing DPA Title III financial incentives to establish U.S. production sources for critical materiel when no current U.S. or Canadian source exists;

e. Developing DPA Title VII voluntary agreements;

f. Recommending engineering design changes or waivers to testing, specifications, or standards (or finding substitute items);

g. Establishing programs to increase the retention of workers with key technical skills and training new workers for critical manufacturing and repair skills;

h. Developing improved production and repair techniques and processes via manufacturing technology and industrial modernization projects;

i. Establishing and maintaining multiple sources;

j. Maintaining a warm base;

k. Establishing or maintaining standby lines;

l. Modernizing or expanding facilities; and

m. Changing regulatory policies or procedures.

C. PRE–CRISIS ACTIONS TO IMPROVE INDUSTRIAL PREPAREDNESS

1. The two most effective U.S. peacetime industrial mobilization planning efforts were the 1939 report of the War Resources Board and the 1947 Mobilization Plan. Both of these planning efforts called for the U.S. to maintain a high state of industrial preparedness in peacetime. However, both plans also recognized that pre-crisis preparedness efforts would not be perfect and stressed the importance of using any period of increased tension or pre-conflict warning to update peacetime plans, focus them on the developing crisis, and take preparatory actions to improve subsequent mobilization efforts.

2. Although the United States maintains a much larger and more effective military force than it had at the time of either of these past mobilization planning efforts, U.S. spares and munitions inventories could be depleted by only a few weeks of low-intensity conflict. Indeed, merely increasing the tempo of operations and training during a period of rising tension could reduce subsequent force readiness and sustainability. It is no less important now than it was 40 to 50 years ago to make effective use of any period of rising tensions, low intensity conflict, or warning that could precede a general conflict to increase the readiness of the industrial base and prepare for a subsequent surge or mobilization.

3. Actions that would be undertaken at this point include:

a. Updating CILs and developing targeted S/M plans;

b. Identifying and funding key unfunded IPMs;

c. Purchasing inventories of critical long lead time components;

d. Identifying key production shortfalls and negotiating educational orders to train, facilitize, and qualify planned emergency producers;

e. Developing and maintaining crisis and war financial plans;

f. Preparing S/M reprogramming and supplemental budget requests;

g. Negotiating surge option clauses and other contingency contracts;

h. Briefing Administration and Congressional leaders on their expected role in industrial S/M;

i. Completing needed draft legislation or regulatory waiver requests (including FAR modifications);

j. Assessing the impact of mobilization on then-current transportation and energy assets;

k. Identifying individuals in the ready reserve that have critical industrial manufacturing skills so they can be removed from the reserves or deferred from military callup;

l. Developing and maintaining plans to prioritize filling the needs for critical skills to meet demands of the defense and civil sectors;

m. Reviewing the currency of the Register of Planned Emergency Producers, Key Assets List, and the Defense Industrial Network;

n. Improving plant-by-plant production and repair planning; and

o. Develop/produce mobilization version for items in short supply. Use Commercial Required Item Substitute Planning (CRISP) program.

D. CONTRACTING ACTIONS

1. The primary vehicle for acquiring materiel needed to meet S/M requirements are contracts for additional goods and services. The first necessary step in expanding defense production will be to program additional funds (through reprogramming or supplemental appropriations) and to contract for additional goods and services with existing contractors (by providing for additional quantities and/or accelerated deliveries) or new contractors. These military prime contracts must in turn be translated into subcontract orders for increased quantities and/or accelerated deliveries of parts, components, and subsystems. While expedited contracting procedures, by themselves, cannot

increase S/M capacity, the absence of expedited procedures can delay achievement of S/M goals and, in effect, reduce S/M capabilities.

2. Because competing demands on the industrial base can result in bottlenecks and shortages, contracting personnel will need to interact with program managers, item mangers, engineers and production personnel to revise production and delivery schedules, modify specifications and provide incentives for contractors to increase production.

3. In peacetime, defense contracting policy focuses on maintaining a high level of visibility and accountability for contracting decisions, fostering competition, and ensuring compliance with national policies (such as promotion of opportunities for disadvantaged groups). In a crisis, where expeditious contracting procedures become essential, certain contracting requirements may need to be waived. Appendix F lists contracting restrictions imposed by statute, regulation, or directive that will require action by OSD; restrictions that can be modified at the local level; and impediments where relief is available in current regulations.

CHAPTER 4

IMPLEMENTATION OF SURGE AND MOBILIZATION PLANS

A. INTRODUCTION

This chapter outlines a conceptual progression of steps from peacetime to crisis to mobilization. Although the specific critical items and production requirements will depend on the nature of the crisis, the general types of problems that will arise in a S/M environment can be anticipated. Implementation plans can be developed during the IP planning process (discussed in Chapter 2) and refined/targeted during a period of rising tensions or preparatory actions (discussed in Chapter 3).

B. CRISIS DEVELOPMENT

1. A crisis that would trigger S/M production could be caused by a variety of circumstances, including:

a. A major natural disaster that destroyed military stocks, damaged military installations, and destroyed or damaged production facilities producing critical end items or components;

b. The need to respond to a sudden adversarial technological breakthrough or arms treaty "breakout" (or to exploit a similar U.S. breakthrough);

c. The need to replace weapons systems, munitions, or spare parts consumed by:

1) Resupplying an Ally during or after a regional conflict;

2) An increased operations/training tempo accompanying a period of rising tensions;

3) Low intensity conflict involving U.S. forces;

d. Preparations for a major conventional conflict (improved readiness and sustainability) which could, in turn, be triggered by:

1) A period of rising superpower tensions;

2) Low intensity or regional conflict involving U.S. or Soviet forces;

3) Intelligence warnings of adversarial preparations for industrial mobilization; or

e. Reaction to hostile activities directed against U.S. interests.

2. S/M production could involve only selected munitions/systems and affect only a few sectors of the economy, or it could involve a broad cross-section of systems and affect virtually the entire economy.

3. The system that delineates the procedures during a crisis is called the Crisis Action System (Figure 4–1), under the control of the National Command Authority (NCA).

C. SURGE IMPLEMENTATION

1. The particular crisis, operations plan, logistic stockpile shortfalls, and status of prefunding for surge determine which items will be surged, to what quantities, and within what timeframes. The Secretary of Defense, with OJCS advice, will direct the Service Secretaries and the DLA Director to surge. Several actions will occur along with the direction to surge.

a. Allocating additional funds obtained through reprogramming or a DoD supplemental appropriation;

b. Expediting the contracting process for critical items and components;

THE CRISIS ACTION SYSTEM (CAS)		
PARTICIPATING DOD ORGANIZATIONS ACTIONS	**NCA/JCS ACTIONS**	**RESULTING DIRECTIVES**
PHASE I **SITUATION DEVELOPMENT** To provide the procedures and means to monitor the world situation for possible conditions adverse to U.S. interests, requiring military intervention.	**PHASE II** **CRISIS ASSESSMENT** To determine whether the reported incident may in fact require military action.	**JCS WARNING ORDER** To provide NCA/JCS guidance and known information on the situation to supported CINC and supporting activities.
PHASE III **COURSE OF ACTION DEVELOPMENT** To consider all information pertinent to the situation and for the CINC to decide on a concept of operation.	**PHASE IV** **DECISION** To formulate an NCA/JCS decision whether to prepare for commitment of the U.S. military.	**JCS ALERT ORDER** To provide the NCA/JCS guidance to all participants on the intention to commit the military.
PHASE V **EXECUTION PLANNING** To translate OPLAN, CONPLAN, or "No Plan" into OPORD suitable to provide a basis for NCA commitment of military forces.	**PHASE VI** **EXECUTION** To provide an NCA formal decision to commit military forces.	**JCS EXECUTE ORDER** To carry out the NCA decision.

Figure 4–1 The Crisis Action System (CAS)

c. Accelerating production and repair of long leadtime components of critical items for use as rolling inventory;

d. Reordering the Master Urgency List and Critical Items List to reflect crisis-specific priorities; and

e. Increasing procurement of deficit war reserve materiel (WRM) and spares.

2. Initial efforts to increase production will focus on the contract administration process. Initial efforts to achieve increased output will focus on actions such as:

a. Authorizing overtime or additional shifts to gain more production from existing facilities;

b. Requesting prime contractors and subcontractors to expedite production and deliveries; or

c. Modifying production or test processes to alleviate bottlenecks restricting increased output.

3. If these intial actions prove insufficient, increased production controls may be needed. These actions include:

a. Encouraging prime contractors who are overcommitted to subcontract more work, to allow them to focus on critical final assembly, inspection, and test functions;

b. Exercising DPAS authorities to enforce defense priority ratings or rearrange production schedules and priorities; and

c. Forming DPA Section 708 voluntary agreements (or activating standby voluntary agreements) to allow contractors to pool production know-how and resources, train new subcontractors, and orchestrate lower-tier supply and demand.

4. Other actions that would be undertaken to expedite surge production include:

a. Expediting imports of foreign-produced items such as precision bearings, machine tools, semiconductors, optics, and critical raw material;

b. Upgrading the stockpile through increased strategic and critical material imports;

c. Increasing IPM funding;

d. Requesting waivers to specific laws, regulations, specifications, and other constraints to critical item production and repair;

e. Expediting technology and industrial modernization projects which can contribute to increased assembly or repair line output;

f. Implementing physical security plans for key industrial, power, and transportation assets;

g. Asking contractors producing or repairing critical items or components to assess current skilled manpower shortfalls and implement workarounds;

h. Upgrading, increasing the maintenance, or activating laidaway facilities and plant equipment packages; and

i. Releasing machine tool trigger orders and increasing buys of special tooling and test equipment, fixtures, and handling equipment.

D. MOBILIZATION IMPLEMENTATION

1. Surge becomes mobilization when it becomes apparent that defense production goals cannot be met within current defense production capabilities. Mobilizing the national economy, or specific segments of the economy, would be necessary because the resources are insufficient to meet the expected military demand while the economy also satisfies all consumer demand. See Figure 5-2 for the likely flow of events.

2. In a mobilization, the basic mechanism for awarding contracts would not change. Each contract contains the name of the item to be purchased, the quantity to be purchased, and the amount of funds which are set aside. The procurement or contracting community is the agent for industrial base activation and the IPP community is the agent for configuring the base for activation. Therefore, coordination between these two groups begun in peacetime will continue, to achieve a timely and orderly transition to crisis or wartime production.

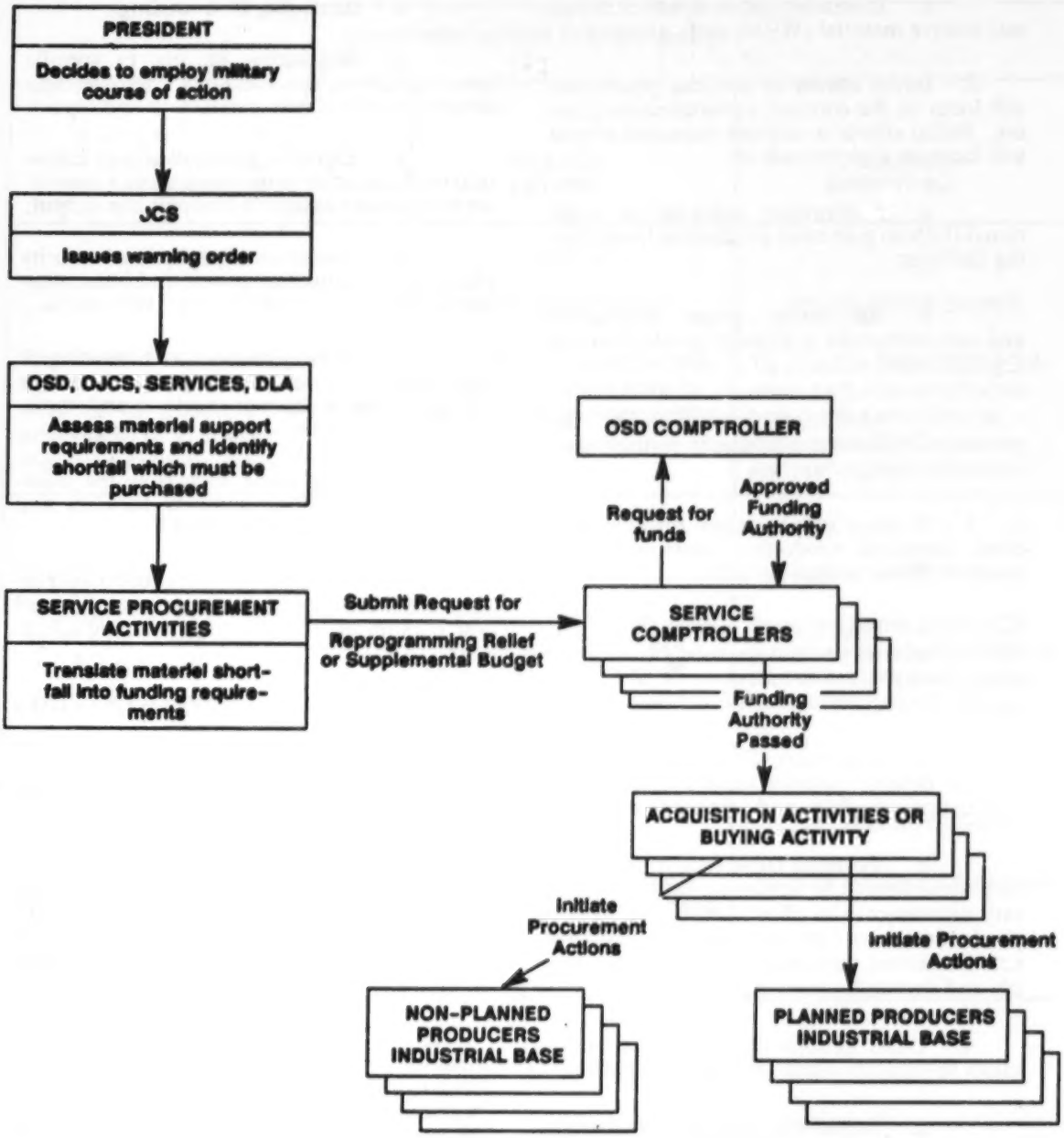

Figure 4–2 Flow of Events for Mobilizing Planned and Non-Planned Producers

3. The keystone of industrial mobilization is still the planned emergency producer. DoD, in conjunction with these producers, will activate those preplanned crisis and war production plans. If the planned producer does not have a valid option clause, then a letter contract is the most expedient activation mechanism. As noted in Chapter 3, a waiver to the regular competitive contracting process is necessary.

4. Planned producers may not be able to satisfy the total mobilization demand. IP planners and contract administration officials will identify non-planned producers to develop a potential bidders list.

5. FEMA and the Department of Commerce assist as the demand for defense production and repair output begins to exceed that normally available. Demands must be met by a process of conversion and expansion. Conversion applies civilian resources to the mobilization effort. Conversion of new producers may be expedited by voluntary agreements, curtailment orders, or educational orders. Expansion involves constructing new production facilities, finding new sources of labor and, in general, creating those factors of production needed to increase the output of the economy.

6. Resource requirements and resource management issues will assume a much more central role in a major mobilization, when resource shortages and conflicts may begin to appear. Particular types of materials or production capabilities may be in short supply and required by multiple defense programs as well as civilian and allied production programs. The DPAS system provides for allocation of key materials to alleviate supply disruptions and help balance the flow of key materials to critical programs.

7. Other areas where DoD might face competition for resources include:

a. Labor Force (industrial workforce, armed forces);

b. Transportation (competition for rail, ship, air — including air express — assets for military forces, defense production, and continuing civilian activities);

c. Construction (coordination of requirements for military installations, industrial facilities, civil defense, housing, and continuing non-defense projects);

d. Energy.

Moreover, essential transportation, construction, and energy expansion activities will themselves create requirements for resources and industrial output. DPA voluntary agreements in these essential sectors can help them coordinate multiple demands and support the highest priority activities. Financial incentives may also be needed to help expand the capability of these essential sectors. DoD must be prepared to identify and defend its resource requirements to support critical defense programs.

E. PRE-CRISIS/CRISIS CHECKLIST

A mobilization checklist is at Figure 5-3 to suggest a ***rough*** time-phasing of planning, preparatory, and execution actions. Execution of S/M programs will undoubtedly proceed more smoothly if plans are completed and preparatory actions are taken prior to S/M production.

PRE-CRISIS INDUSTRIAL PREPAREDNESS PLANNING

- Develop and maintain a comprehensive national financial plan.
- Develop and maintain a plan to prioritize the fill of critical skills to meet multiple demands from defense and civil sectors.
- Identify individuals in the ready reserve that have critical industrial skills and defer them from callup obligations.
- Assess the impact of mobilization on transportation assets.
- Identify generic production capacity and requirements.
- Improve plant by plant planning.
- Develop and fund IPMs and DPA Title III projects.
- Negotiate surge options or other contingent contracts.

INCREASE PREPARATORY ACTIONS, PRE-CRISIS

- Finalize draft legislation.
- Review IPPL/MUL.
- Review adequacy of RPEP/KAL.
- Establish standby and voluntary agreements.
- Prepare surge reprogramming/supplementary budget requests.
- Prepare guidelines for ASPPO allocation of multiservice production demands.
- Brief administration and congressional leaders on their expected role.
- Approve additional DPA Title III projects.
- Review national and agency financial plans.
- Upgrade the stockpile/increase critical material imports.
- Upgrade PEPs and increase maintenance of laidaway facilities.
- Accelerate production of critical long lead time components.
- Increase procurement of WRM/spares.
- Increase funding of IPMs.
- Expedite contracting process.
- Provide educational orders for non-current producers.
- Identify commercial substitutes.
- Prepare to reactivate controlled materials setasides.

SURGE

- Surge selected items.
- Re-evaluate the MUL.
- PEP/MTTOP releases.
- Undertake pre-emptive buys.
- Increase controlled materials setaside.
- Activate voluntary agreements.
- Evaluate physical security plans.
- Identify essential civilian requirements & conversion candidates.
- Activate laidaway plants and equipment, if required.

INDUSTRIAL MOBILIZATION

- Re-evaluate the MUL.
- Execute mobilization plans.
- Stockpile release.
- Institute physical security.
- Institute direct economic controls.
- Broaden materials and production controls
- Curtail non-essential production.
- Convert new producers.

Figure 4-3 Pre-Crisis/Crisis Checklist

APPENDIX A
ACRONYMS

APPENDIX A
ACRONYMS

ASPPO	Armed Services Production Planning Officer
CAS	Crisis Action System
CFR	Code of Federal Regulations
CICA	Competition in Contracting Act
CIL	Critical Items List
CINC	Commander-in-Chief
COCO	Contractor-Owned, Contractor-Operated (Facilities)
DIBP	Direct Industrial Base Planning
DID	Data Item Description
DLA	Defense Logistics Agency
DMO	Defense Mobilization Order
DOC	Department of Commerce
DoD	Department of Defense
DOE	Department of Energy
DOI	Department of the Interior
DOL	Department of Labor
DOT	Department of Transportation
DPA	Defense Production Act of 1950
DPAS	Defense Priorities and Allocations System
DUSD(I&IP)	Deputy Under Secretary of Defense for Industrial and International Programs
E.O.	Executive Order
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
GMR	Graduated Mobilization Response
GOCO	Government-Owned, Contractor-Operated (Facilities)
GOGO	Government-Owned, Government-Operated (Facilities)
IPM	Industrial Preparedness Measure
IPP	Industrial Preparedness Planning
IPPL	Industrial Preparedness Planning List
IPPP	Industrial Preparedness Planning Program
IPR	Industrial Preparedness Representative
J&A	Justification and Approval
KAPP	Key Assets Protection Program
LSA	Labor Surplus Area
MUL	Master Urgency List

NADIB	North American Defense Industrial Base
NDER	National Defense Executive Reserve
NSC	National Security Council
NSDD	National Security Decision Directive
NSEP	National Security Emergency Preparedness
OFCCP	Office of Federal Contract Compliance Policy
OJCS	Organization of the Joint Chiefs of Staff
OSD	Office of the Secretary of Defense
PBA	Production Base Analysis
PEP	Plant Equipment Package
POM	Program Objective Memorandum
RPEP	Register of Planned Emergency Producers
S/M	Surge/Mobilization
ST/STE	Special Tooling/Special Test Equipment
U.S.C.	United States Code
USDA	U.S. Department of Agriculture
USMC	U.S. Marine Corps
WRM	War Reserve Materiel

APPENDIX B

THE LEGAL AND REGULATORY BASIS FOR INDUSTRIAL SURGE OR MOBILIZATION

APPENDIX B

THE LEGAL AND REGULATORY BASIS FOR INDUSTRIAL SURGE OR MOBILIZATION

A. INTRODUCTION

This appendix provides background information on the legal and policy basis for industrial surge and mobilization. It provides general descriptions of key legislative authorities and Executive branch policy implementation documents. Figure B–1 illustrates the wide range of legal authorities.

B. LEGISLATION

1. The National Security Act (50 U.S. Code (U.S.C.) 401 et seq.) provides broad authority for national defense and mobilization planning.

2. The Defense Production Act (DPA) (50 U.S.C. App. 2061 et seq.) establishes responsibility for most key mobilization management programs. This is the principal authority for IPPP and its execution in crises and war.

3. The Army Appropriations Act of 1916 (50 U.S.C. 1 *et seq.*) establishes authority for a council of national defense for industrial mobilization.

4. The Defense Industrial Reserve Act (50 U.S.C. 451 et seq.) establishes a defense industrial reserve.

5. The Selective Service Act (50 U.S.C. App. 468) authorizes priority contracts for articles or materials exclusively for Services' use.

6. The National Defense Contracts Act (50 U.S.C. 1431–1435) authorizes a Service Secretary to enter into contracts without regard to other provisions of law whenever such action facilitates national defense.

7. The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) requires the President to identify material needs and ensure their availability for national security.

8. The National Defense Act (10 U.S.C. 4501 and 9501) authorizes the President, in time of war or when war is imminent, to place priority contracts, take possession of any facility whose owner refuses to accept or give preference to a priority contract, and operate seized facilities.

C. PRESIDENTIAL DOCUMENTS

1. NATIONAL SECURITY DECISION DIRECTIVE NUMBER 47, July 22, 1982, and NUMBER 188, September 16, 1985, direct departments and agencies to establish a national emergency mobilization preparedness capability.

2. EXECUTIVE ORDER 10480 as amended, provides for the administration of the Defense Mobilization Program.

3. EXECUTIVE ORDER 12656 assigns emergency preparedness functions to Federal Departments and Agencies.

D. DEFENSE MOBILIZATION ORDERS (DMOs) are prepared by the Federal Emergency Management Agency (FEMA), providing policy and guidance to the Federal Departments and Agencies as follows:

1. DMO–2 (44 CFR 321) on maintaining mobilization capability.

2. DMO–3 (44 CFR 322) on production priority and allocation authority.

3. DMO–5 (44 CFR 324) on scientific and engineering manpower.

4. DMO–10A (44 CFR 327) on use of Government–owned industrial plant equipment by private industry.

5. DMO–11 (44 CFR 328) on strategic and critical stockpiles.

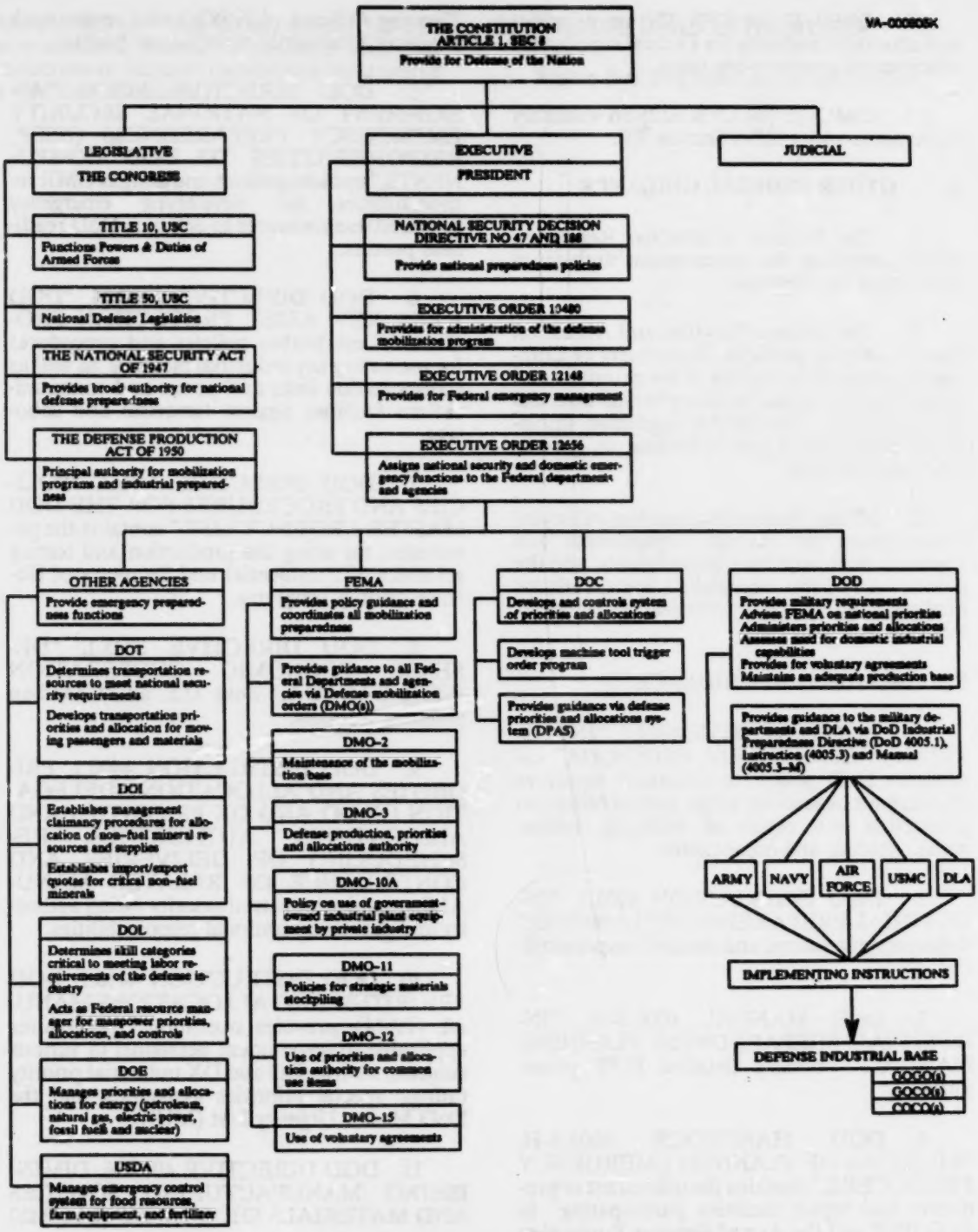
VA-000805K
THE CONSTITUTION
ARTICLE 1, SEC 8
Provide for Defense of the Nation
LEGISLATIVE
THE CONGRESS
EXECUTIVE
PRESIDENT
JUDICIAL
TITLE 10, USC
Functions Powers & Duties of Armed Forces
TITLE 50, USC
National Defense Legislation
THE NATIONAL SECURITY ACT OF 1947
Provides broad authority for national defense preparedness
THE DEFENSE PRODUCTION ACT OF 1950
Principal authority for mobilization programs and industrial preparedness
NATIONAL SECURITY DECISION DIRECTIVE NO 47 AND 188
Provide national preparedness policies
EXECUTIVE ORDER 10480
Provides for administration of the defense mobilization program
EXECUTIVE ORDER 12148
Provides for Federal emergency management
EXECUTIVE ORDER 12656
Assigns national security and domestic emergency functions to the Federal departments and agencies
OTHER AGENCIES
Provide emergency preparedness functions
DOT
Determines transportation resources to meet national security requirements
Develops transportation priorities and allocation for moving passengers and materials
DOI
Establishes management claimancy procedures for allocation of non-fuel mineral resources and supplies
Establishes import/export quotas for critical non-fuel minerals
DOL
Determines skill categories critical to meeting labor requirements of the defense industry
Acts as Federal resource manager for manpower priorities, allocations, and controls
DOE
Manages priorities and allocations for energy (petroleum, natural gas, electric power, fossil fuels and nuclear)
USDA
Manages emergency control system for food resources, farm equipment, and fertilizer
FEMA
Provides policy guidance and coordinates all mobilization preparedness
Provides guidance to all Federal Departments and agencies via Defense mobilization orders (DMO(s))
DMO-2
Maintenance of the mobilization base
DMO-3
Defense production, priorities and allocations authority
DMO-10A
Policy on use of government-owned industrial plant equipment by private industry
DMO-11
Policies for strategic materials stockpiling
DMO-12
Use of priorities and allocation authority for common use items
DMO-15
Use of voluntary agreements
DOC
Develops and controls system of priorities and allocations
Develops machine tool trigger order program
Provides guidance via defense priorities and allocations system (DPAS)
DOD
Provides military requirements
Advises FEMA on national priorities
Administers priorities and allocations
Assesses need for domestic industrial capabilities
Provides for voluntary agreements
Maintains an adequate production base
Provides guidance to the military departments and DLA via DoD Industrial Preparedness Directive (DoD 4005.1), Instruction (4005.3) and Manual (4005.3-M)
ARMY
NAVY
AIR FORCE
USMC
DLA
IMPLEMENTING INSTRUCTIONS
DEFENSE INDUSTRIAL BASE
GOGO(s)
GOCO(s)
COCO(s)

Figure B–1 The Legal Basis for Industrial Surge and Mobilization

6. DMO–12 (44 CFR 329) on priorities and allocation authority for Federal supply classification of common–use items.

7. DMO–15 (44 CFR 332) on voluntary agreements under DPA Section 708.

E. OTHER FEDERAL GUIDANCE

1. The Federal Acquisition Regulation (FAR) amplifies the procurement authorities established by Congress.

2. The Defense Priorities and Allocation System (DPAS) provides Department of Commerce guidance on the use of the priorities and allocations for critical military versus essential civilian items. The DPAS regulation implements DPA Title I and is binding on government and industry.

3. FEMA Federal Preparedness Circular 2 establishes for Federal Departments and Agencies, State and local governments, and the private sector, the conceptual framework for implementing assigned mobilization responsibilities.

F. MAJOR DOD GUIDANCE

1. DOD DIRECTIVE 4005.1, "INDUSTRIAL PREPAREDNESS PROGRAM," establishes DoD policy for industrial resources planning for peacetime, surge and mobilization production and repair of militarily critical items, systems, and components.

2. DOD INSTRUCTION 4005.3, "INDUSTRIAL PREPAREDNESS PLANNING," delineates procedures and detailed responsibilities.

3. DOD MANUAL 4005.3–M, "INDUSTRIAL PREPAREDNESS PLANNING MANUAL," contains detailed IPPP procedures.

4. DOD HANDBOOK 4005.3–H, "REGISTER OF PLANNED EMERGENCY PRODUCERS," contains the official list of producers and repair facilities participating in DoD IPPP and the Armed Services Production Planning Officers (ASPPOs) who review each producer's industrial mobilization plans.

5. DOD DIRECTIVE 3020.36, "ASSIGNMENT OF NATIONAL SECURITY EMERGENCY PREPAREDNESS (NSEP) RESPONSIBILITIES TO DOD COMPONENTS," updates policies and assigns GMR responsibilities for developing emergency preparedness measures to enhance DoD readiness posture.

6. DOD DIRECTIVE 5160.54, "DOD JOINT KEY ASSET PROTECTION PROGRAM," establishes policies and procedures for protecting key industrial facilities as well as transportation links and power and communications facilities against terrorism and sabotage.

7. DOD DIRECTIVE 4410.3, "POLICIES AND PROCEDURES FOR THE DOD MASTER URGENCY LIST," contains the parameters for using the production and testing priorities of Presidential and Secretary of Defense priority programs.

8. DOD DIRECTIVE 2035.1, "DEFENSE ECONOMIC COOPERATION WITH CANADA," links U.S. and Canadian planning formally.

9. DOD INSTRUCTION 4400.1, PRIORITIES AND ALLOCATIONS–DELEGATION OF DO AND DX PRIORITIES AND ALLOCATIONS, AUTHORITIES, RESCHEDULING OF DELIVERIES AND CONTINUANCE OF RELATED MANUALS, provides industrial priority rating authority and defines operational responsibilities.

10. DOD INSTRUCTION 4410.1, DOD PRIORITIES AND ALLOCATIONS MANUAL (PAM), provides operational procedures applicable to government personnel in various subjects, such as DO and DX industrial priority ratings; special priorities assistance; and the DoD Master Urgency List (MUL).

11. DOD DIRECTIVE 4005.16, DIMINISHING MANUFACTURING SOURCES AND MATERIALS SHORTAGES (DMSMS)

PROGRAM, provides policy, procedures and responsibilities related to essential end item production or support capabilities endangered by DMSMS situations.

G. ADDITIONAL AUTHORITIES

Figure B–2 lists other major authorities.

VA-000611K

AUTHORITIES \ ISSUES	FUNDS	ORGANIZATION	CONTRACTING	FACILITIES AND EQUIPMENT	CONVERSION	EXPANSION	PRIORITIES AND ALLOCATIONS	MACHINE TOOLS	VOLUNTARY AGREEMENTS	ENVIRONMENTAL AND SAFETY	MATERIALS/STOCKPILE	RESOURCE MANAGEMENT	MANPOWER	R&D&E	ENERGY	TRANSPORTATION
MS DD 47/NSDD 188		X									X		X			
THE NATIONAL SECURITY ACT OF 1947		X		X	X	X										
THE DEFENSE PRODUCTION ACT OF 1950	X	X		X	X	X	X		X		X	X		X	X	
THE NATIONAL DEFENSE ACT OF 1916		X		X	X	X	X									X
THE ARMY APPROPRIATIONS ACT OF 1916		X		X		X										X
THE DEFENSE INDUSTRIAL RESERVE ACT				X				X				X				
SELECTIVE SERVICE ACT OF 1948							X									
THE NATIONAL DEFENSE CONTRACTS ACT	X		X													
THE STRATEGIC AND CRITICAL MATERIALS STOCKPILING ACT											X	X				
THE ENERGY POLICY AND CONSERVATION ACT												X			X	
THE NAVAL PETROLEUM RESERVE ACT												X			X	
THE MINING AND MINERALS POLICY ACT OF 1970											X	X			X	
THE NATIONAL ENVIRONMENTAL POLICY ACT				X		X				X						
TOXIC SUBSTANCE CONTROL ACT										X						
OCCUPATIONAL SAFETY AND HEALTH ACT										X						
SAFE DRINKING WATER ACT										X						
E.O. 10480, DEFENSE MOBILIZATION PROGRAM		X		X			X		X		X	X	X	X	X	
E.O. 11179, NDER		X												X		
E.O. 12656, FUNCTIONS OF FED. DEPTS. AND AGENCIES		X				X					X	X	X		X	X
E.O. 12148, FEMA		X														
FPC 2 EMERGENCY MOBILIZATION PREPAREDNESS		X														
FAR	X		X	X					X	X						
DoDD 4005.1, INDUSTRIAL PREPAREDNESS PLANNING		X		X	X	X	X				X	X	X		X	X
DoDI 4005.3, INDUSTRIAL PREPAREDNESS PLANNING		X		X	X	X	X	X			X	X	X		X	X
DoD 4005.3-M INDUSTRIAL PREPAREDNESS PLANNING MANUAL	X	X	X	X	X	X	X	X	X	X	X	X	X			
DMO-2, MAINT. OF THE MOBILIZATION BASE		X		X	X	X		X			X	X			X	
DMO-3, PRIORITIES AND ALLOCATIONS AUTHORITY		X		X	X		X				X	X			X	
DMO-5, SCIENTIFIC AND ENGINEERING MANPOWER		X											X			
DMO-10A, USE OF GOVERNMENT OWNED EQUIPMENT				X								X				
DMO-11, STRATEGIC AND CRITICAL MATERIALS											X	X				
DMO-12, PRIORITIES AND ALLOCATIONS FOR COMMON USE ITEMS							X					X				
DMO-18, VOLUNTARY AGREEMENTS		X		X	X		X		X		X				X	X
DPAS							X									

Figure B–2 Authority and Implementing Regulations and Procedures

APPENDIX C
ORGANIZATIONAL ROLES AND RESPONSIBILITIES

APPENDIX C

ORGANIZATIONAL ROLES AND RESPONSIBILITIES

A. INTRODUCTION

This appendix outlines the industrial surge, crisis, and mobilization roles and responsibilities of Federal departments and agencies. Although DoD plays a leading role in triggering and managing mobilization activities, many other departments play an essential role.

B. THE NATIONAL SECURITY COUNCIL

(NSC) is the forum for Presidential consideration of national security matters under National Security Decision Directives 47 and 188. The National Security Emergency Preparedness (NSEP) program is administered under the oversight of the NSC.

C. THE FEDERAL EMERGENCY MANAGEMENT AGENCY:

1. Coordinates and supports the initiation, development, and implementation of national security emergency preparedness programs and plans among Federal Departments and Agencies;

2. Maintains the Federal Master Mobilization Plan and the Defense Mobilization Orders;

3. Coordinates functions for the determination of the production, distribution, priorities, and allocations programs required to meet national defense needs.

4. Provides, to the nonmilitary Federal Departments and Agencies, state, territorial, and local governments, and defense industries, the policy and procedures required for screening employees filling key positions who are in the ready reserve;

5. Coordinates Federal actions on strategic relocation of essential civilian industries, services, and Governmental or economic activities;

6. Administers the National Defense Executive Reserve program; coordinates the activities of other agencies in establishing units; provides appropriate standards of recruitment and training; approves prospective members of the Reserve; and issues rules and regulations.

D. DEPARTMENT OF DEFENSE

1. ***Under Secretary of Defense for Policy (USD(P))***:

a. Represents the Department of Defense on interagency industrial mobilization coordination;

b. Provides policy guidance on GMR actions

c. Oversees the DoD Crisis Management System;

d. Monitors the use of military resources in support of essential civil sectors and implementation of the DoD Key Assets Protection Program; and

e. Co-chairs the DoD Mobilization Steering Group, which overviews all mobilization activities within DoD.

2. ***Deputy Under Secretary of Defense for Industrial and International Programs (DUSD(I&IP)***

a. Develops and oversees the implementation of IPPP policies and procedures for rapid production and repair (including civilian conversion and expansion) of critical and noncritical items, systems, and components to meet Commanders-in-Chiefs' (CINCs) operational requirements;

b. Monitors Services' and DLA implementation of IPPP directives and guidance;

c. Coordinates defense production priorities for items, systems, and components on the DoD Master Urgency List;

d. Coordinates strategic and critical raw materials stockpiling and upgrading requirements, material priority and allocation, recovery, and substitution;

e. Coordinates production bottleneck work arounds and waivers to legal and regulatory constraints;

f. Coordinates facilities, transportation, and energy resources for industrial mobilization;

g. Oversees the integration of DoD manufacturing data systems;

h. Directs special IPP studies and integrated annual production base analyses (PBAs) along with cost benefit and trade-off analyses;

i. Approves DPA Title III capacity expansion and Title VII voluntary agreement projects;

j. Submits industrial base issues to the Defense Acquisition Board and Defense Resources Board;

k. Co-chairs the DoD Mobilization Steering Group which overviews all mobilization activities within DoD; and

l. Provides a chairperson to the NADIBO.

3. ***Assistant Secretary of Defense for Force Management and Personnel (ASD(FM&P)***;

a. Establishes, in coordination with OASD(P&L), procedures for determining or validating Service and Agency military and civilian manpower mobilization requirements, demand, and supply; and

b. Develops policies to effectively use civilian manpower and ensure the timely availability of civilian manpower.

4. ***Organization of the Joint Chiefs of Staff (OJCS)***:

a. Evaluates military threats and provides advice and recommendations to the Chairman of the Joint Chiefs of Staff for the Secretary of Defense on industrial mobilization;

b. Provides guidance to the nine unified and specified CINCs concerning industrial mobilization assumptions and capability to support operation plans;

c. Publishes the classified biannual Joint Strategic Planning Document and Joint Strategic Capabilities Plan which delineate expected industrial production and repair capabilities for operational support and direct the Services for IPPP actions. Also publishes JCS Publication 21, "Mobilization," which delineates the generic role of industrial support to military operations;

d. Plans and conducts periodic industrial mobilization exercises to test IPPP policies and procedures, and ensures problem areas are addressed;

e. Provides time-phased materiel requirements for scenarios identified for GMR option development

f. Provides the unified and specified CINCs' prioritized, consolidated inputs via the CINC Critical Items List (CIL); and

g. Convenes the Joint Materiel Priorities and Allocations Board to adjudicate competing acquisition and logistics demands.

5. ***Defense Logistics Agency (DLA)***:

a. Develops the Industrial Preparedness Planning List (IPPL) derived from the CINC and Service CILs;

b. Prepares an annual PBA covering its five centers, its tool reserve, and industrial capability not monitored by the Services;

c. Develops plans to support the Services with DLA-managed materiel and serv-

ices and develops IPMs for funding to correct industrial deficiencies;

d. Maintains a reserve of industrial plant equipment to meet peacetime and mobilization needs and analyzes Services' mobilization requirements for this equipment; and

e. Manages the Defense Contract Administration Services which provides the majority of Armed Services Production Planning Officers (ASPPOs).

6. ***The Military Departments:***

a. Define and promulgate DoD policies, guidance, and procedures for IPPP coordination and execution to lower echelon commands;

b. Establish requirements to equip and sustain military forces, using IPPP planning and execution to complement war stocks shortfalls;

c. Develop industrial base capability assessments and investment strategies to support GMR options;

d. Develop Service CILs and IPPLs from the CINC CIL; and

e. Identify industrial shortfalls, bottlenecks, and constraints that impede mobilization via annual PBAs and other IPPP methods and develop IPMs for funding to correct these deficiencies. Also plan for post-mobilization day manpower, transportation, energy, raw material, and materiel requirements.

7. ***Service Logistics, Materiel, and Systems Commands:***

a. Service logistics, materiel, and systems commands differ in structure and responsibility. Commands perform any or all of the following peacetime, crisis, or wartime IPPP functions:

(l) Program Management - Ensures IPP issues are considered in the acquisition lifecycle prior to the production phase. Answers IPP-related questions at Defense Acquisition Board reviews.

(2) Finance - Prepares emergency funding estimates and requests authority to reprogram to meet crisis or wartime needs.

(3) Production

(a) Reviews and updates the IPPL;

(b) Revalidates industrial base capabilities and capacities and compares it with military hardware production and repair requirements;

(c) Identifies critical manufacturing and repair processes and equipment required;

(d) Identifies bottlenecks and recommends appropriate solutions;

(e) Realigns production and repair priorities and allocations;

(f) Identifies requirements for strategic and critical materials;

(g) Reactivates standby Government-owned equipment and facilities;

(h) Identifies requirements for contractor skilled labor;

(i) Considers manufacturing technology projects or industrial modernization incentives for solving production and repair problems;

(j) Identifies alternate or commercial items or systems which can be substituted for item shortages;

(k) Determines which research and development projects should be accelerated, continued on schedule, or stopped during S/M;

(l) Simplifies the time and complexity for test and evaluation to support S/M;

(m) Implements prefunded projects to improve surge capability;

(n) Plans for industrial recovery.

(4) Logistics

(a) Identifies requirements to support specific military scenarios and operations plans;

(b) Ensures the transition from the production to the operational deployment phase does not result in diminished post-production support due to sole sources, especially off-shore; and

(c) Plans transportation of components to assembly lines and completed items and systems to military supply depots.

(5) Procurement

(a) Identifies and initiates actions to waive laws, regulations, acquisition requirements, and specifications which would impede S/M; and

(b) Expedites the contracting process for S/M via letter contracts, option clauses, and FAR exceptions to competition.

b. The Joint Logistics Commanders is an advisory group, composed of the commanders of Army Materiel Command, Air Force Logistics Command, Air Force Systems Command, and the Chief of Naval Operations for Logistics. It jointly coordinates the IPPP at major command levels.

E. DEPARTMENT OF COMMERCE:

1. Enforces the DPAS;

2. Represents the U.S. on North Atlantic Treaty Organization IPPP matters;

3. Oversees U.S. international trade impacting S/M;

4. Assesses U.S. industrial capabilities, bottlenecks, and constraints; and

5. Controls industrial output and distribution when conflicts for such resources occur, in accordance with the DPAS.

F. DEPARTMENT OF ENERGY:

1. Establishes and maintains a national petroleum reserve;

2. Manages priorities and allocations for energy (petroleum, gas, electric power, fossil fuels, and nuclear); and

3. Accelerates the design, manufacture, modification and transfer of nuclear weapons for the Department of Defense.

G. DEPARTMENT OF THE INTERIOR:

1. Assesses the availability and adequacy of water and non-fuel minerals for the Department of Defense and essential civilian use;

2. Establishes management procedures for claimancy, allocation, and control of non-fuel mineral resources and supplies; and

3. Coordinates industry efforts to extract strategic and non-fuel minerals and establishes import and export quotas for strategic and critical non-fuel minerals.

H. DEPARTMENT OF LABOR:

1. Determines the skill categories necessary to meet DoD labor requirements and essential civilian activities; and

2. Oversees the recruitment, training, and allocation of civilian manpower.

I. DEPARTMENT OF TRANSPORTATION:

1. Determines and identifies the transportation resources required to meet DoD personnel and item movement requirements;

2. Develops a priorities and allocation system for moving passengers and material not under DoD control; and

3. Manages the use of all Federal, state, local, and other roads, bridges, tunnels, and publicly-owned highway maintenance equipment.

J. DEPARTMENT OF THE TREASURY:

1. Acts as Federal resource manager for financial services;

2. Establishes monetary priorities, allocations, and controls; and

3. Grants or guarantees loans to private industry for producing critical and essential materials, expanding capacity, or developing new or improved technology.

K. MARITIME ADMINISTRATION

1. Creates and maintains an efficient U.S. commercial shipbuilding and repair capacity with enough skilled personnel to provide an adequate mobilization base

2. Maintains an IPPP within the framework of DoD's IPPP.

L. THE CANADIAN NATIONAL DEFENCE HEADQUARTERS AND THE CANADIAN DEPARTMENT OF SUPPLIES AND SERVICES:

1. Identify Canadian Defense Forces' crisis and wartime production requirements and NADIB capabilities to meet these requirements; and

2. Participate with DoD in development of IPPP plans, policies, and programs.

APPENDIX D
DOD IP PLANNING PROCEDURES

APPENDIX D

DOD IP PLANNING PROCEDURES

A. ***PLANNING METHODS*** - The DoD Industrial Preparedness Planning Manual, DoD 4005.3–M, identifies four approved IPP methods. These methods are the DD Form 1519 method, the Data Item Description method, the Direct Industrial Base Planning method, and special studies.

1. The "DD Form 1519 method" uses the formal DoD production planning schedules. Figures D–1 and D–2 portray the sequence of events using this method. The other three methods of data collection must, in any case, result in the preparation of a DD Form 1519 front page if the producer wants to be a planned emergency producer.

2. The "Data Item Description Method" is the second vehicle for planning with producers.

a. Most DoD contracts contain one or more data items requiring specific information. Funding is normally provided as a separate contract line item or as part of the contract's total data requirement cost in an appropriate overhead account. Use of the data item requires close coordination between the contracting officers, the program manager, IPPP personnel, and the ASPPO. See Figures D–3 and D–4 for the sequence of events.

b. Although a contractor provides data in response to a data item, the contractor's willingness to become a planned emergency producer can only be formalized by signing page one of DD Form 1519.

3. The "Direct Industrial Base Planning" method is a means for an acquisition activity to conduct IPP by direct discussion with a selected producer. The acquisition activity notifies the appropriate ASPPO of its "direct planning" choice, identifies items and sources involved, and invites the ASPPO to any meetings between the producer and itself.

a. The acquisition activity performs all ASPPO functions except for allocating capacity, since the signature of the ASPPO on the DD Form 1519 is mandatory for planning to be valid, and maintaining the plant loading records.

b. The acquisition activity negotiates the production schedule directly with the planned producer and furnishes the ASPPO a copy of the completed DD Form 1519 planning schedule for signature. See Figures D–5 and D–6 for the sequence of events.

4. The "Special Studies" method may take the place of the three previous IPP methods. ASPPOs are informed by the initiating organization of all special studies that affect their planning function.

a. Special Studies frequently survey a specific segment of the industrial base to collect data on critical items and systems. These studies determine the manufacturing capability and capacity of either industry sectors such as semiconductors or bearings or commodity sectors such as gas turbine engines or precision guided munitions.

b. The format of these studies is left to the discretion of each Service and DLA. The initiating agency should invite direct participation of the other Services, OSD, OJCS, DLA, FEMA, other Federal Departments, and the Canadian National Defence Headquarters to give a unified, joint approach to cover the entire spectrum from industrial productivity through responsiveness to preparedness for both peacetime surge and wartime mobilization.

c. At study conclusion, the ASPPO for each planned facility signs the DD Form 1519 and completes the plant loading record.

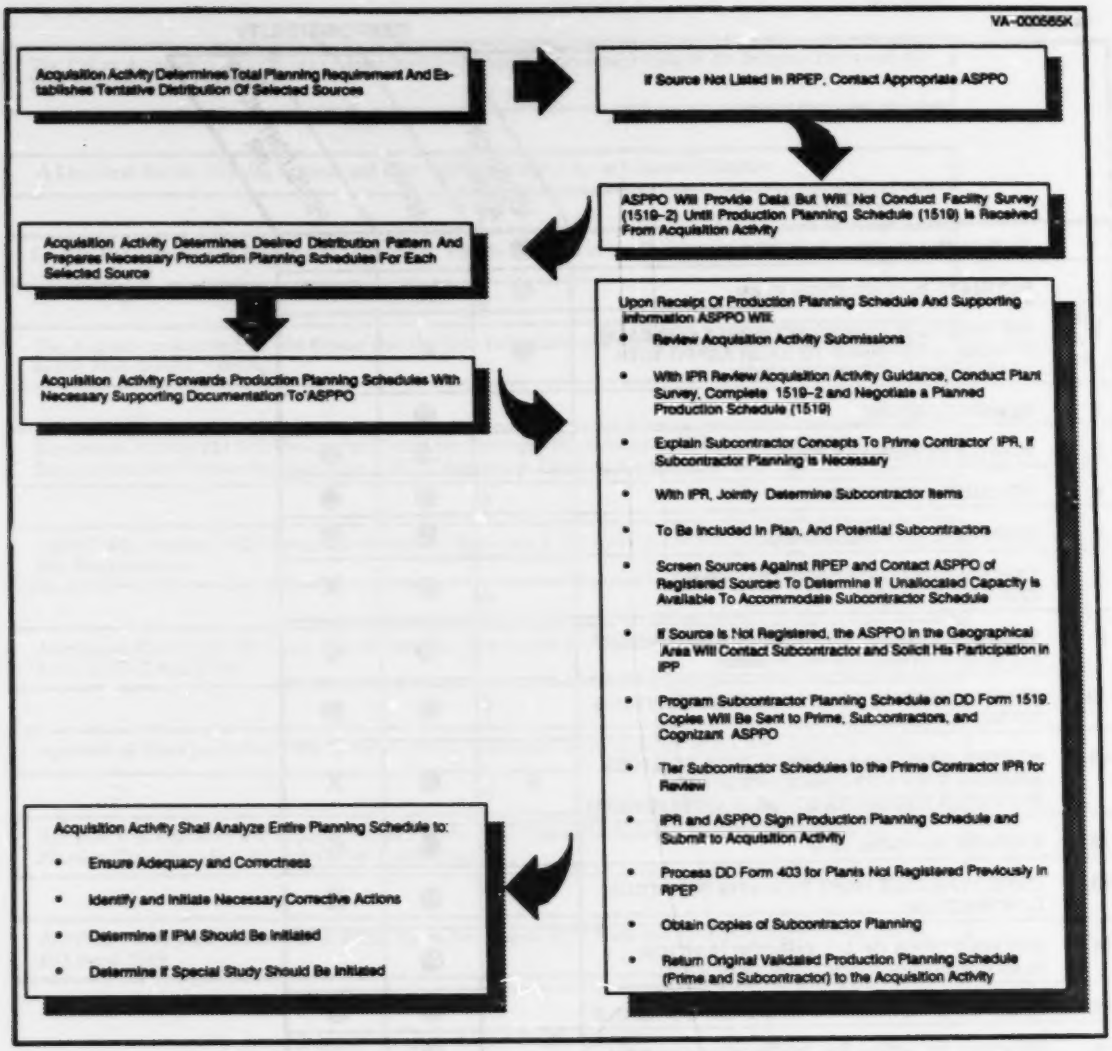
VA-000565K
Acquisition Activity Determines Total Planning Requirement And Establishes Tentative Distribution Of Selected Sources
If Source Not Listed In RPEP, Contact Appropriate ASPPO
ASPPO Will Provide Data But Will Not Conduct Facility Survey (1519-2) Until Production Planning Schedule (1519) Is Received From Acquisition Activity
Acquisition Activity Determines Desired Distribution Pattern And Prepares Necessary Production Planning Schedules For Each Selected Source
Upon Receipt Of Production Planning Schedule And Supporting Information ASPPO Will:
Review Acquisition Activity Submissions
With IPR Review Acquisition Activity Guidance, Conduct Plant Survey, Complete 1519-2 and Negotiate a Planned Production Schedule (1519)
Explain Subcontractor Concepts To Prime Contractor' IPR, If Subcontractor Planning Is Necessary
With IPR, Jointly Determine Subcontractor Items
To Be Included In Plan, And Potential Subcontractors
Screen Sources Against RPEP and Contact ASPPO of Registered Sources To Determine If Unallocated Capacity Is Available To Accommodate Subcontractor Schedule
If Source Is Not Registered, the ASPPO In the Geographical Area Will Contact Subcontractor and Solicit His Participation In IPP
Program Subcontractor Planning Schedule on DD Form 1519. Copies Will Be Sent to Prime, Subcontractors, and Cognizant ASPPO
Tier Subcontractor Schedules to the Prime Contractor IPR for Review
IPR and ASPPO Sign Production Planning Schedule and Submit to Acquisition Activity
Process DD Form 403 for Plants Not Registered Previously In RPEP
Obtain Copies of Subcontractor Planning
Return Original Validated Production Planning Schedule (Prime and Subcontractor) to the Acquisition Activity
Acquisition Activity Forwards Production Planning Schedules With Necessary Supporting Documentation To ASPPO
Acquisition Activity Shall Analyze Entire Planning Schedule to:
Ensure Adequacy and Correctness
Identify and Initiate Necessary Corrective Actions
Determine If IPM Should Be Initiated
Determine If Special Study Should Be Initiated

Figure D–1 Flow Diagram for the 1519 System

VA-000569K

	FUNCTIONS	RESPONSIBILITY: ACQUISITION ACTIVITY	ASPPO	PRIME CONTRACTOR IPR
1.	DETERMINE PLANNING REQUIREMENT	●		
2.	ESTIMATE DISTRIBUTION PLAN	●	X	
3.	DISTRIBUTE PLANNING SCHEDULE FOR EACH SOURCE & FORWARD TO EACH ASPPO WITH SUPPORTING DOCUMENTATION	●	X	
4.	REVIEW 3., ABOVE		●	
5.	JOINTLY REVIEW 3., ABOVE		●	●
6.	CONDUCT PLANT SURVEY		●	●
7.	COMPLETE DD FORM 1519-2		●	●
8.	EXPLAIN SUBCONTRACTOR PLANNING CONCEPTS TO IPR		●	X
9.	VALIDATE END-ITEM SCHEDULE (CONTINGENT ON SUBCONTRACTOR PLANNING)		●	●
10.	JOINTLY DETERMINE SUBCONTRACTOR ITEMS TO BE INCLUDED IN PLAN		●	●
11.	SCREEN MANAGEMENT SELECTION SOURCES AGAINST RPEP FOR SUBCONTRACTORS (REGISTER SUBCONTRACTOR IF APPROPRIATE)	X	●	X
12.	PREPARE DD FORM 1519		●	●
13.	MAKE AVAILABLE FIRST TIER 1519 FOR PRIME CONTRACTOR		●	X
14.	OBTAIN COPIES OF ALL SUBCONTRACTOR PLANNING SUPPORTING THE END-ITEM		●	
15.	NEGOTIATE PLANNED PRODUCTION SCHEDULE		●	●
16.	PROCESS DD FORM 403, RPEP REGISTRATION		●	
17.	RETURN ONE COPY OF VALIDATED PRIME & SUBCONTRACTOR PLAN TO ACQUISITION ACTIVITY	X	●	
18.	ACQUISITION ACTIVITY SHALL REVIEW ENTIRE PLAN FOR: ADEQUACY, ACCURACY, CORRECTIVE ACTIONS, IPM, AND IF IEB STUDY SHOULD BE INITIATED	●	X	

NOTE: ● = RESPONSIBLE
X = COORDINATION

Figure D-2 DD 1519 Planning Matrix

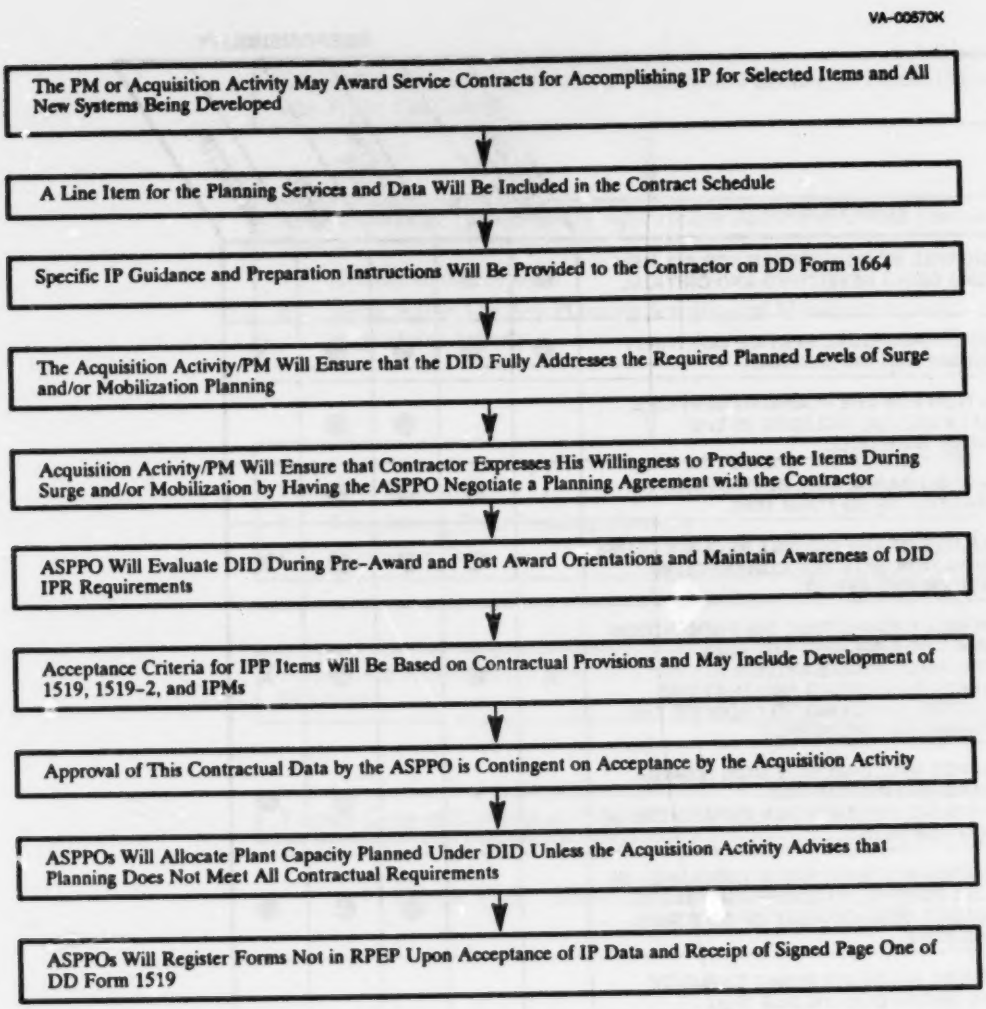
VA-00570K
The PM or Acquisition Activity May Award Service Contracts for Accomplishing IP for Selected Items and All New Systems Being Developed
A Line Item for the Planning Services and Data Will Be Included in the Contract Schedule
Specific IP Guidance and Preparation Instructions Will Be Provided to the Contractor on DD Form 1664
The Acquisition Activity/PM Will Ensure that the DID Fully Addresses the Required Planned Levels of Surge and/or Mobilization Planning
Acquisition Activity/PM Will Ensure that Contractor Expresses His Willingness to Produce the Items During Surge and/or Mobilization by Having the ASPPO Negotiate a Planning Agreement with the Contractor
ASPPO Will Evaluate DID During Pre-Award and Post Award Orientations and Maintain Awareness of DID IPR Requirements
Acceptance Criteria for IPP Items Will Be Based on Contractual Provisions and May Include Development of 1519, 1519-2, and IPMs
Approval of This Contractual Data by the ASPPO is Contingent on Acceptance by the Acquisition Activity
ASPPOs Will Allocate Plant Capacity Planned Under DID Unless the Acquisition Activity Advises that Planning Does Not Meet All Contractual Requirements
ASPPOs Will Register Forms Not in RPEP Upon Acceptance of IP Data and Receipt of Signed Page One of DD Form 1519

Figure D-3 DID Flow Chart

VA-000568K

FUNCTIONS	RESPONSIBILITY: ACQUISITION ACTIVITY	PM	CONTRACTING OFFICER	ASPPO	CONTRACTOR
1. THE DID WILL BE CONSIDERED FOR ALL NEW SYSTEMS BEING DEVELOPED AND CRITICAL I/WS	●	●			
2. AWARD OF INDIVIDUAL SERVICE CONTRACT TO ACCOMPLISH IP PLANNING	●	●	●	●	X
3. A LINE ITEM FOR THE PLANNING SERVICES AND DATA WILL BE INCLUDED IN THE CONTRACT SCHEDULE			●	●	
4. SPECIFIC GUIDANCE WILL BE PROVIDED TO CONTRACTOR ON DD FORM 1664		●	●	●	
5. PROPER USE OF THE DID WILL REQUIRE CLOSE COORDINATION BETWEEN CONTRACTING OFFICER, PM AND ASPPO		●	●	●	X
6. THE PM WILL ENSURE THAT DID PRODUCTION PLAN DOES NOT PREVENT THE FULL ADDRESSING OF SURGE AND/OR MOBILIZATION PLANNING AND THAT THE CONTRACTOR IS WILLING TO PRODUCE THE ITEM DURING AN EMERGENCY	X	●		●	X
7. THE ASPPOS WILL EVALUATE DIDS DURING PREAWARD AND POSTAWARD ORIENTATIONS AND MAINTAIN AWARENESS OF DID REQUIREMENTS				●	●
8. ACCEPTANCE CRITERIA FOR IP ITEMS WILL BE BASED ON CONTRACTUAL PROVISIONS AND MAY INCLUDE DEVELOPMENT OF DD FORMS 1519, AND IPMS			●	●	●
9. ASPPOS WILL ALLOCATE PLANT CAPACITY PLANNED UNDER DIDs UNLESS THE ACQUISITION ACTIVITY ADVISES THAT PLANNING DOES NOT MEET ALL CONTRACTUAL CAPACITY INFORMATION REQUIREMENTS	X			●	●

NOTE: ● = RESPONSIBLE
X = COORDINATION

Figure D–4 DID Matrix

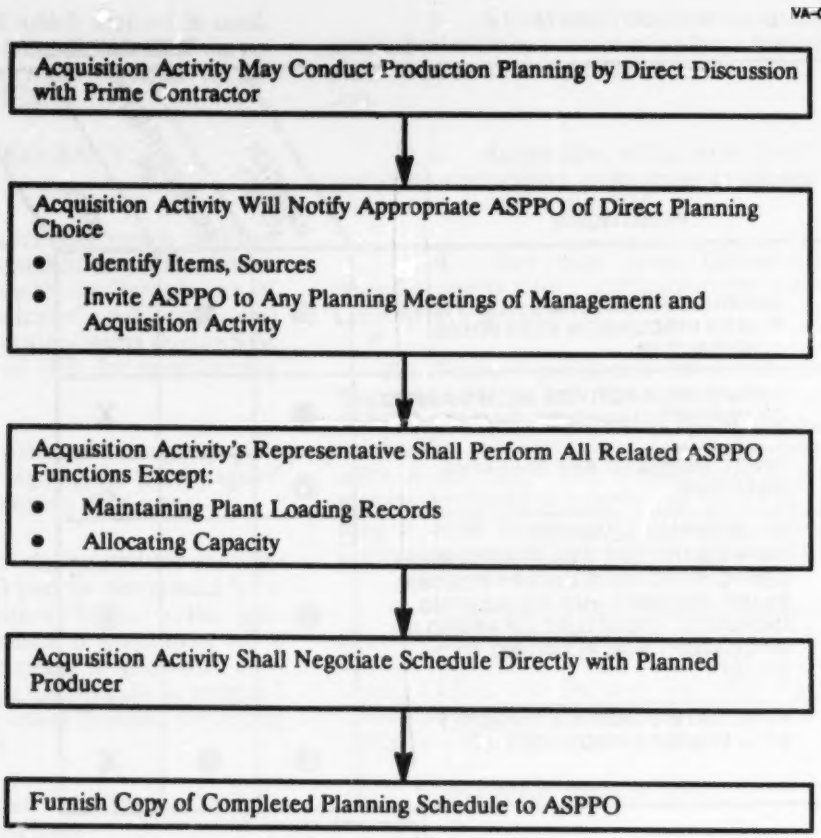
VA-00567K
Acquisition Activity May Conduct Production Planning by Direct Discussion with Prime Contractor
Acquisition Activity Will Notify Appropriate ASPPO of Direct Planning Choice
• Identify Items, Sources
• Invite ASPPO to Any Planning Meetings of Management and Acquisition Activity
Acquisition Activity's Representative Shall Perform All Related ASPPO Functions Except:
• Maintaining Plant Loading Records
• Allocating Capacity
Acquisition Activity Shall Negotiate Schedule Directly with Planned Producer
Furnish Copy of Completed Planning Schedule to ASPPO

Figure D-5 DIBP Method Flow Chart

VA-000000K

FUNCTIONS		RESPONSIBILITY: ACQUISITION ACTIVITY	PRIME CONTRACTOR IPR	ASPPO
1.	CONDUCT PRODUCTION PLANNING BY DIRECT DISCUSSION WITH PRIME CONTRACTOR	●	●	
2.	ACQUISITION ACTIVITY NOTIFY ASPPO OF "DIRECT PLANNING" CHOICE	●		X
3.	INVITE ASPPO TO ANY PLANNING MEETINGS	●		X
4.	ACQUISITION ACTIVITY'S REPRESENTATIVE WILL PERFORM ALL ASPPO FUNCTIONS EXCEPT POSTING PLANT RECORDS AND ALLOCATING CAPACITY, (SIGNATURE OF ASPPO IS MANDATORY FOR PLANNING TO BE VALID)	●		X
5.	NEGOTIATE SCHEDULE DIRECTLY WITH PLANNED PRODUCER	●	●	X

NOTE: ● = RESPONSIBLE
X = COORDINATION

Figure D-6 DIBP Matrix

5. Regardless of which method is used, each Service and DLA annually combine the results into a PBA which is briefed to the ASD(P&L) and the OJCS.

B. PLANNED EMERGENCY PRODUCERS

1. These producers and repair facilities are those that have voluntarily committed themselves to formally plan with the Department of Defense. They have indicated a willingness and a capacity to produce critical items during S/M and have designated an IPR for coordinating with the ASPPO.

2. A potential planned emergency producer is registered by signing the front page of the DD Form 1519 planning document.

3. An ASPPO is designated for each facility. A single ASPPO may be designated for a number of facilities without regard to the geographical locations when management of a multifacility producer elects to centralize control. An ASPPO may be, and usually is, assigned responsibility for numerous facilities belonging to different producers.

4. There are four benefits to being a plann·d emergency producer:

a. They are included on the bidder's mailing list for any request for proposal for their planned items, solicited in all procurements over $10,000.

b. A total small business set-aside is not authorized when one or more large business planned producers wants to bid on the acquisition.

c. Acquisition using other than full and open competitive procedures is allowed to maintain a producer for S/M.

d. They may lease Government-owned property under authority of the Military Leasing Act of 1947.

5. Planned producers are listed in the Register of Planned Emergency Producers (RPEP) published annually by DLA. The register also lists the ASPPO responsible for each facility. A contractor with a number of facilities may be registered as a single unit when the planning is done by the corporate headquarters. Otherwise, each facility is listed separately.

6. Contractors interested in participating should contact their assigned ASPPO. To identify the local ASPPO, call the ASPPO Coordinating Office, the Defense Logistics Agency, Cameron Station, Alexandria, Virginia, 22314 (202)274-7651/7751.

C. UPDATING IPPP PLANS

Production and repair plans are updated annually for CIL or IPPL items, or when requirements change significantly. Plans for all other items are updated every two years.

APPENDIX E
FACILITIES AND EQUIPMENT FOR SURGE AND MOBILIZATION

APPENDIX E

FACILITIES AND EQUIPMENT FOR SURGE AND MOBILIZATION

A. INTRODUCTION

This appendix describes the principal authorities and programs affecting the management, use, and acquisition of industrial facilities and equipment.

B. AUTHORITIES

1. ***Defense Mobilization Order 2*** directs the Department of Defense to maintain facilities, machine tools, production equipment, and skilled workers necessary to meet wartime requirements. Actions required include: integration of current procurement with IPPP; development of plans for alternate production; placing and maintaining excess Government-owned facilities and tools in standby status; and identifying gaps in Government-owned packages of tools and production equipment needed in privately-owned facilities.

2. ***Defense Mobilization Order 10A*** permits the emergency use of Government-owned industrial plant equipment by planned producers whose facilities have been damaged or destroyed. Government-owned industrial plant equipment may also be commercially used if it is necessary to keep the equipment in readiness through regular use to support IPPP.

3. The ***Defense Production Act*** (DPA) provides broad authority to maintain production and repair on schedule and to expand capacity, including:

a. Title I for priority contract orders and allocation of materials (Section 101), which requires that contracts for approved defense programs be accepted and preferentially performed over all other contracts;

b. Title III, subject to appropriation, which provides for financial incentives to create or expand industrial capacity and supply (Sections 301-304);

c. Title VII, which provides authority to issue regulations to implement, enforce, or grant exemptions from DPA procedures (Sections 703-704) and to establish voluntary agreements with industry to expand capacity and supply (Section 708); and

d. Authority to establish a National Defense Executive Reserve and to train these individuals for wartime resource management (Section 710).

4. The ***National Defense Act*** authorizes:

a. The Secretaries of the Army and Air Force to maintain a list of all U.S. privately-owned facilities equipped to manufacture arms, ammunition, or parts; obtain complete information on products that could be produced and the equipment and capacity of each such facility; identify conversion potential and develop conversion plans; and obtain "gauges, dies, jigs, tools, fixtures, and other special aids and appliances, and specifications and drawings" necessary for manufacturing arms, ammunition, or equipment; and

b. The President "in time of war or when war is imminent" to place priority contracts for "necessary products or materials of the type usually produced or capable of being produced" by the facility; to take possession of any facility whose owner refuses to accept or give preference to priority contracts, if that facility is "equipped to manufacture or capable of being readily transformed to manufacture "arms or ammunition, parts thereof, or necessary supplies;" and to operate any such facility seized for that purpose.

5. ***The Selective Service Act*** authorizes, in the interest of national security, placement of priority contracts for "articles or materials ... exclusively for the use of the armed forces" with "any person operating a plant, mine or other facility capable of producing such articles or materials;" requires that a "fair share" of contracts be placed with small business; and authorizes Government seizure and operation of any facil-

ity refusing to accept or give priority to such contracts.

6. The ***Defense Industrial Reserve Act*** provides for the reserve of machine tools and other industrial production and repair equipment.

C. PROGRAMS

1. Defense Production Act Title I Priorities and Allocations

a. The Defense Priorities and Allocations System (DPAS) carries out DPA Title I authority and is administered by the Office of Industrial Resource Administration of the Department of Commerce, which delegates authority to the acquisition activities to place priority ratings on contracts. The DPAS goal is to ensure the timeliness of industrial resources to meet DoD requirements. The DPAS works as follows:

(1) Rated contracts or purchase orders are identified by a priority rating, either DX or DO. A producer which accepts rated contracts must schedule its operations to complete each rated contract by its required delivery date. Producers who receive priority ratings must assign those ratings to subcontracts.

(2) All DX ratings signify highest national priority, are Presidentially approved, and have equal preferential value. DX contracts take precedence over DO contracts.

(3) All DO ratings have equal preferential value and DO contracts take precedence over unrated contracts.

(4) The DPAS is designed to be largely self-executing. However, from time to time, serious production problems may occur.

(a) If extraordinary help is needed, special priorities assistance can be sought via the Form ITA-999. A request for special priorities assistance may be prepared by any producer or by any responsible office within the Department of Defense.

(b) Form ITA-999 may be obtained from any contracting officer, any Department of Commerce district office, or the Office of Industrial Resource Administration, Room 3876, U.S. Department of Commerce, Washington, D.C. 20230 or Telephone (202) 377-4506.

b. The DoD Master Urgency List (MUL) establishes the relative urgency of peacetime acquisition programs. BRICK-BAT (DX rating) programs are highest national priority. CUE-CAP (DO rating) programs are selected military research and development or industrial programs of the highest DoD priority. Canada adheres to the rating system, as part of the joint U.S.-Canada logistic principles support.

c. The Master Urgency List for Mobilization shows that peacetime programs may be a lesser priority in a crisis or war. For this reason, the DoD decision to surge or mobilize the industrial base requires a Master Urgency List review to ensure that critical items and systems receive appropriate priority.

2. DPA Title III, Creation or Expansion of Productive Capacity and Supply

a. DPA Title III authorizes financial incentives to create or expand capacity and supply, providing a means for encouraging new or ongoing programs by financing exploration, development, mining, refining and processing, production, substitution, and stockpiling. The primary vehicles are purchase commitments, loan guarantees, loans, installation of Government-owned equipment, and grants for exploration.

b. New thresholds and criteria have been required by law for Title III funding arrangements.

(1) The Department of Defense may enter into Title III arrangements for amounts less than $25 million without advance Congressional authorization.

(2) All Title III projects must meet four criteria by law: the metal, mineral, or material involved is critical to national defense; the capacity will not be brought on line without the Title III assistance; the project is the most

cost-effective, expedient, and practical alternative for meeting the requirement; and the requirement is equal to or greater than the domestic industrial capability created by the project. (This requirement can be suspended by a declaration of national emergency.)

(3) In addition, interagency agreement currently limits use of Title III funds to purchase commitments.

c. The Title III Program Office, located at Wright-Patterson AFB, Ohio, is the DoD Executive Agent for Title III. The office receives, assesses, and structures all proposed Title III projects from the Services and DLA; recommends approval and prioritization of projects to the Title III Steering Committee; prepares DPA Section 303 determinations and defends their technical qualifications through the congressional notification period; and executes Title III contracting actions, including solicitations, source selection, negotiation, award, and contract administration.

d. The Title III program is currently focused on creating viable domestic sources for "high tech" materials needed for current and future weapons systems. In a surge or mobilization, the program could be expanded significantly to increase production capacity for a wide range of materials.

3. DPA Title VII Voluntary Agreements

a. DPA Title VII allows for making voluntary agreements within industrial sectors to increase production and repair capability. These agreements offer limited protection from antitrust prosecution by allowing producers to exchange information on requirements and processes, new technological breakthroughs, new sources, and other information needed to promote conversion, standardization, or improved production and repair techniques.

b. Voluntary agreements were widely used in past mobilizations to improve coordination and increase production. Participants can maximize output by coordinating demand on suppliers; exchanging tooling, parts, or production know-how; and otherwise streamline production efforts.

c. Only a single standby voluntary agreement exists now: a Maritime Administration-sponsored fuel tanker capacity agreement.

d. The program is subject to general control by FEMA. The Attorney General and Chairman of the Federal Trade Commission are responsible for ensuring that anticompetitive impacts are minimized.

4. Machine Tool Programs

Machine tools are one of the more predictable bottlenecks early-on in a mobilization, when many programs will need to expand tooling capacity simultaneously to meet higher production rates. Especially problematical may be ST/STE, which is often highly expensive, and therefore utilized around-the-clock in peacetime, even if most other equipment in the facility is only used on a one-shift bases.

Several government programs to enhance machine tool supplies are discussed in this section.

a. The Machine Tool Reserve

(1) The Department of Defense maintains machine tools in larger numbers than any other Federal Department. The Defense Industrial Reserve Act (Public Law 93-155) provides for an industrial reserve of machine tools, limits the industrial plant and reserve machine tools to minimum requirements for use during national emergencies, and requires reliance on private industry.

(2) There are three groups of Government-owned machine tools: (a) machine tools for use in active Government or contractor operated depots, arsenals, and rework facilities; (b) "plant equipment packages" (PEPs), both active and idle, retained by the Military Departments for producing or repairing specific items under S/M. These packages range from several unique tools to entire production lines, with the vast majority used in Army munitions programs; and (c) tools held in "general reserve" for national emergencies, which are available in peacetime to meet unique needs. This general reserve, managed by the Defense Industrial Plant Equipment Center, a major DLA field activity, contains an unassigned inventory of

machine tools and industrial manufacturing equipment.

b. The Machine Tool Trigger Order Program (MTTOP)

(1) To expedite new production, the Department of Commerce manages this program which operates through standby agreements between the Government and machine tool producers, identifying machine tools each firm is expected to manufacture to meet mobilization needs. The agreements also outline financing, advance payment agreements, and priority access to materials and components which may be used in the implementation of the trigger orders.

(2) FEMA has the overall responsibility for the program. DoD periodically identifies specific machine tool requirements. Commerce identifies contractors and the General Services Administration provides the contracting.

c. Surge Investments

(1) The surge investment program was conceived to provide selected critical programs the capability to double production rates in short order. This is accomplished through two means: a) purchasing a "rolling inventory" of long lead time parts to reduce the longest delivery lead times; and b) balancing out production lines for selected critical components by purchasing additional bottleneck ST/STE.

5. Educational Orders

Without prior planning, the administrative lead time to train and qualify planned producers can delay S/M production. Educational orders provide the most assurance that planned producers will be fully qualified to begin work immediately. These contract actions, authorized by the "industrial mobilization" waiver to CICA (see Appendix F, Section C1b.), permit agencies to contract with planned producers to:

- Produce a minimum quantity of an item for training
- Identify capacity and obtain necessary tooling
- Complete necessary approvals of production and administrative processes.

While educational orders can be awarded noncompetitively, actual production options attached to educational order contracts would probably require normal competitive contracting procedures and reviews under current FAR requirements.

6. Industrial Productivity and Modernization

Efforts in GOGO, GOCO, and COCO plants involve the DoD Manufacturing Technology and Industrial Modernization Incentives programs. These peacetime, long-term programs update antiquated machines, assembly lines, and manufacturing and repair processes. The result is a capability to rapidly increase rates during S/M.

APPENDIX F

CONTRACTING PROCESS: LEGAL AND REGULATORY PROVISIONS

APPENDIX F

CONTRACTING PROCESS: LEGAL AND REGULATORY ISSUES

A. INTRODUCTION

1. DoD has initiated a project to identify necessary S/M waivers, delegations, or deviations from legal or FAR requirements. This project has identified a series of potential impediments to S/M and his catalogued existing or needed waiver authorities.

2. Tables F-1, F-2, and F-3 how some existing impediments and necessary actions to resolve them.

3. Work has also been initiated on an Emergency Annex to the FAR, which would contain streamlined S/M contracting procedures.

B. DISCUSSION

1. Public Law 98-72 (15 U.S.C. 637(c)) requires all procurements of supplies and services to be advertised in the ***Commerce Business Daily*** for 30 days prior to contract award. This requirement may be waived in cases of "unusual and compelling urgency," or where disclosure of an agency's needs could compromise national security, either of which could apply in a crisis or mobilization buildup. Each exception must be considered individually.

TABLE F-1

SURGE/MOBILIZATION CONTRACTING RELIEF MEASURES INITIATED BY OSD

FAR/DFAR CLAUSE	SUBJECT	TYPE OF ACTION
6.302	Waive J&A for OTFO Competition due to urgency or Foreign Military Sale	Emergency Legislation
13.101	Raise small purchase ceiling to $100,000	"
15.804-2	Raise certified cost or price data threshold to $500,000	"
19.602	Waive Certificate of Competency Process	"
19.702	Waive requirements for plans for Small Business Subcontracting	"
19.201/202	Waive requirements for small business goaling and reporting	"
29.1408	Waive affirmative action programs for handicapped	"
22.1308	Waive affirmative action programs for handicapped	"
25.1,25.2	Waive Buy American Act	SecDef Determination
25.3	Waive Balance of Payments Program	"
22.805	Waive Equal Employment Opportunity Program	"
13.106	Raise Small Purchase Competition threshold	Amendment to DFARS
13.204	Raise Blanket Purchase Agreement threshold	"

TABLE F-2

SURGE/MOBILIZATION CONTRACTING RELIEF MEASURES INITIATED BY COMPONENTS

FAR/DFAR	SUBJECT
1.602	Business Clearances and Approvals
27.401	Data Rights
1.601	Contract Award Review and Approval Levels
	Legal Review of Contract Awards
15.605/612	Technical Proposals and Proposal Evaluation
	LSA Set-Asides
7.102/104	Acquisition Plan Approval Levels
5.303	Congressional Notification for Awards over $3,000,000
	DD Form 1547
	Non-Set-Aside Solicitation Reviews by SBA Representatives

TABLE F-3

REQUIREMENTS CONTAINING EXISTING RELIEF FOR S/M

FAR/DFAR	SUBJECT
5.204	Presolicitation Notices for Construction
9.106	Preaward Surveys
9.405	Debarred and Suspended Companies
46.703, 704, 708	Warranties
15.1001	Small Business Award Notifications
7.202/204	Economic Purchase Quantities
8.001	J&As for Deviation to Competition for FPI Purchases
19.801/803/807	8 (a) Set-Asides with SBA
5.101 13.106	Synopsis Dollar Threshold ($10,000)

2. The Competition in Contracting Act (CICA, 10 U.S.C. 2302 *et seq.)* requires that most Federal contracts be awarded through the method of "full and open competition," which involves either competitive sealed bids or "competitive negotiations," based on contractor technical and management proposals. (Requirements are described in FAR Subpart 6.1.) Noncompetitive awards in the interest of national defense or mobilization are authorized (FAR Subpart 6.3), but a detailed justification and approval (J&A) is required at a senior management level. (See Section C1.)

3. Section 20 of the Office of Federal Procurement Policy Act (41 U.S.C. 418) requires each executive agency to designate a "Competition Advocate," who is responsible for reviewing all contracting operations and promoting full and open competition. In practice, most proposed noncompetitive contract awards are reviewed individually by competition advocates,

although this review of individual contracts is not specifically required by law. (FAR Subpart 6.5.)

4. Other legal and FAR provisions are intended to provide improved financial and administrative oversight of DoD contracts. These include requirements for submission of certified cost and pricing data (10 U.S.C. 2306), disclosure of cost accounting practices and compliance with government cost accounting standards (50 U.S.C. App. 2168), performance of pre-contract field pricing reports (audits) of contractor prices and costs (FAR Subpart 15.8), review and approval of contractor make-or-buy programs (FAR Subpart 15.7), review and approval of contractor purchasing systems (FAR Subpart 44.3), and approval of individual subcontracts (FAR Subpart 44.).

5. A large variety of legal and regulatory requirements place limits on contractor and subcontractor source selection. These include Buy America provisions, listings of mandatory sources, and provisions prohibiting award of Federal contracts to businesses listed as violating Federal environmental laws.

6. Finally, a number of legal and FAR provisions require DoD contracts to be undertaken in a manner consistent with national policies and require contractors to demonstrate and document their compliance with these policies. Most of these requirements are derived from individual laws and are amplified in Subchapter D of the FAR. Some of these requirements include:

a. Small Business Act (15 U.S.C. 631 *et seq.*) requirements establishing preferences for small and disadvantaged businesses, small-business setasides in Federal procurements, and small business advocates within Federal agencies, and requiring prime contractors to prepare plans detailing how they will provide subcontracting opportunities for small and disadvantaged businesses;

b. Requirements derived from Defense Manpower Policy No. 4B and the Small Business Act giving contracting preferences to businesses in labor surplus areas (LSAs, which are areas with high unemployment), including a requirement that contractors develop a plan to utilize LSA firms as subcontractors;

c. A variety of laws and regulations requiring fair labor practices, including a general proscription against a workweek exceeding 40 hours; and

d. A number of prohibitions against employment discrimination and requirements to provide employment opportunities to disadvantaged groups. Requirements include: development of an affirmative action plan by every contractor or subcontractor with 50 or more employees and a contract or subcontract exceeding $50,000 within 120 days of commencing work and required preaward clearances by the Office of Federal Contract Compliance Policy (OFCCP) for all contracts, modifications, or subcontracts exceeding $1 million. These requirements can be waived for national security reasons, but the waiver requires an agency head decision and notification of the OFCCP.

C. IMPROVING SURGE/MOBILIZATION RESPONSIVENESS

In a S/M, it will be necessary to develop more rapid means to begin work under DoD contracts. The following sections discuss some procedures that can be used.

1. The CICA describes three circumstances that may be applicable for S/M contracting that permit contract awards without providing for "full and open competition." These are:

a. Instances of "unusual and compelling urgency" wherein delay in contract award would result in serious injury to the Government (10 U.S.C. 2304(c)(2); FAR Subpart 6.302-2);

b. Instances where it is necessary to maintain a supplier available for a national emergency or to achieve industrial mobilization (10 U.S.C. 2304(c)(3); FAR Subpart 6.302-3); or

c. Instances where disclosure of the Government's needs would compromise national security (10 U.S.C. 2304(c)(6); FAR Subpart 6.302-6).

d. "Unusual and compelling urgency" is probably the most likely vehicle for accelerating the award of S/M contracts. The "industrial mobilization" exception applies principally to peacetime actions to distribute contracts to maintain the mobilization base or to train planned producers. The "national security" exception applies principally to highly classified defense programs, although it might be used in cases where the U.S. Government did not wish to publicize mobilization preparations or end item quantities.

e. Noncompetitive awards citing these authorities require a justification and approval (J&A), as defined in FAR Subparts 6.303 and 6.304. Table F–4 shows approval levels by size of the procurement action. The J&A requirement currently in the FAR is itself a substantial potential impediment to S/M contract awards.

2. Competition requirements, including the J&A, do not apply to a number of contracting actions. These include:

a. Contract modifications that are "within the scope and under the terms of an existing contract;"

b. Orders placed under requirements contracts or definite–quantity contracts; or

c. Orders placed under indefinite quantity contracts when the original competition or noncompetitive J&A covers the items in question.

d. Establishment of these types of contract vehicles in advance can expedite S/M contracting actions. However, these actions are not automatically exempt from the public notice requirement described in Section B3.

3. Another form of prepositioned contracting instrument is the option clause, described in FAR Part 17. Option clauses can be used to extend the terms of existing contracts beyond the current period. Two types that may be useful for S/M contracting actions are the "Surge Option to Accelerate Delivery Schedule" and the "Surge Option to Increase Quantities." In order for the potential S/M award time savings to be realized, these options must be included in basic contract awards. (Even then, exercising surge options is subject to the public notice requirement mentioned in Section B3.)

4. Letter contracts, described in FAR Subpart 16.603, are preliminary contractual instruments authorizing the producer to begin work immediately, when time is not available to negotiate a definitive contract. While letter contracts can achieve a more timely contract start, they cannot be used to evade requirements for competition. Competition requirements must be satisified before a letter contract can be issued.

TABLE F–4

J&A LEVELS FOR NONCOMPETITIVE AWARDS

Size of Contract (including options)	Approval Level
< $25,000	No approval
$25,000 – $100,000	Level above contracting officer
$100,000 – $1,000,0000	Competition advocate
$1,000,000 – $10,000,000	Head of procuring activity, flag officer, or SES civilian
> $10,000,000	Agency senior procurement executive